

These are my notes of Electric Utility Commission proceedings related to water meter readings and high utility bill concerns from December 2017 through March 19, 2018. They were taken from videos of those meetings which are posted on-line. While they are not absolute transcripts that captured every word, they are very close to verbatim, omitting only those sentences that were too fragmented to be comprehensible.

I originally made these notes to have something readily in hand for reference, since it is so hard to go back and find conversations on video. I hope they will be useful for Commissioners' orientation and they will be available to interested members of the public.

To make it easier for skimming, I have highlighted the transcripts to capture the main points. Included in brackets are my own personal notes. Those notes in red type are my own commentary, usually connecting the conversation to other events in our investigation.

I could not always tell who was talking because I couldn't always identify the voice (usually of Commissioners) and the speaker often was not shown on the screen, or if they were, their nameplate was not. But I don't think that takes away from the Commissioner's commentary.

In separate files, I am asking Felicia to also send Commissioners the Staff presentations that are referenced in each meeting's conversation.

Mickey Maia

EUC Meeting December 11, 2017 Notes

Item 6: Discussion regarding water meter reading and high utility bill concerns

Elaine Veselka (AE) – [Said she was Vice President of Customer Account Management with Austin Energy (AE). She didn't plan a presentation around a handout [shown following on pages 2 and 3] because it is just for information. The handout presents meter reading for water – 25 cycles on a monthly basis.]

Commissioner Hadden – I have watched meter readers at my house. They lift off the cover to the meter and punch numbers into a little machine. What is that?

Veselka – For the past two years, meter readers used an application on a smart phone. They enter the meter reading – they are blind to the previous meter reads – but the system has some high-low parameters, which takes into account seasonality (it looks at the same time of the previous year, and looks at the current reading), and it would flag if it is 3 times higher or .25 times less, and if it is, the system and the meter reader would enter it again, and as they are prompted to read it again, they take a picture with the smart device. That is what is called a “certified read”. If the reading failed the high/low parameters, we have photographic evidence of the read. (3:03 minutes into video)

These are electro-mechanical meters.

David Anders (AW) – There's basically a wheel inside and the water turns the wheel, which then turns the dial, sort of like an odometer.

Commissioner – I saw my own bill go up dramatically, and I take seriously the comments that have been made here tonight. Do you have any idea why so many people who are having bills that are so high?

Veselka – Whether the customer calls the Contact Center or they come through our “escalations” group when they haven't found a remedy through the initial call, we do have to ask this line of questioning with regard to usage and things an individual may or may not have in their home.[See exhibit on page 2, following.] I've had this conversation with other groups and I apologize if they've felt dismissed or if the question is accusatory, it's just that it gets us to the bottom of the usage patterns or even a whole neighborhood. In some situations we do find leaks. I'm saying that's what caused these, but we really have to look at it on an individual basis, to look backward in time and look at previous usage.



Administrative Review

1

Customer contacts the Utility Contact Center (UCC). UCC Staff works to resolve the issue.

2

Unresolved issues are escalated to the Customer Solutions Management (CSM) Team.

3

CSM reviews usage, reads and field activity history. If a water leak or re-read has not been completed, one may be issued.

4

CSM asks a series of High Water Volume questions to analyze the issue and determine the best recommendation.

Customers who contact COA Utilities with High Bill Concerns will go through an Administrative Review process.

HIGH VOLUME WATER QUESTIONS

- ✓ Do you have an irrigation system?
- ✓ Has the system been checked for leaks or any plumbing repairs?
- ✓ How often does the irrigation system run?
- ✓ Is there a pool/spa?
- ✓ New landscaping?
- ✓ Plumbing repairs?
- ✓ Do you hand water?
- ✓ Is there a pool at the property and was it filled?
- ✓ Do you have a pool auto filler?
- ✓ How many people at address?
- ✓ New water consuming appliances at the property?

RECOMMENDATIONS MAY INCLUDE:

5

- Water Leak Adjustment Process, if a leak is identified at the property
- Irrigation Audit, if customer qualifies
- High Volume Water Bill Adjustment Application, if customer qualifies
- Request for an Administrative Hearing





High Volume Water Bill Adjustment

1

The Customer Solutions Management (CSM) Team receives a High Water Volume Bill Adjustment Application.

2

CSM reviews usage, reads and field activity history. If a water leak or re-read has not been completed, one may be issued.

3

CSM reviews High Volume Water Questions (included in the application).

4

CSM determines eligibility based on criteria outlined in the Utility Service Regulations (15-9-142).

5

If the customer is eligible, the Adjustment is applied and a revised bill is generated.

An application can be sent to a customer, or the customer can obtain it directly from Austin Water website, without calling the Utility Contact Center. Applications are received via mail, email and fax.

Austin WATER
High Volume Water Bill Adjustment Application

City of Austin Code of Ordinance, Section 15-9-142, allows a single-family residential customer to apply for a credit adjustment for an unusually high water bill provided that: the customer has received at least 12 months of water billing at the service address; the high water bill usage was greater than or equal to three times the normal usage; the customer has not received an adjustment in the past 2 years; and the customer has contacted Customer Care (512-494-9400) within 90 days of the high use bill. Please complete all information on this form in its entirety. Any missing information may delay the processing of this application or cause the application to be rejected.

Name (as listed on account): _____
 Account Number: _____ Phone Number: _____
 Service Address: _____ Email: _____
 Billing date(s) of high water bill (as printed on the bill): _____

Does this service address have **landscaping that is watered**? (Y/N) ____

- If an irrigation system is used, can you confirm the system does not have any broken or leaking sprinkler heads, there are no excessive run times, and there is no water run-off? (Y/N) ____
- Circle the days the **irrigation system** is set to run: Mon Tue Wed Thu Fri Sat Sun None
- Circle the days landscaping is **watered with a hose**: Mon Tue Wed Thu Fri Sat Sun None

Does this service address have a **pool or spa**? (Y/N) ____

During the period covered by the high bill:

- Have you **established a new landscape** (e.g. new sod, new trees, xeriscaping)? (Y/N) ____
- Were there any **plumbing repairs**? (Y/N) ____ List repairs: _____
- Did you **refill your pool or spa**? (Y/N) ____
- What was the **number of people residing** at the service address? ____

By signing this application, I understand that the decision by the director of the utility is final, and if eligible, an adjustment will be applied to my account. I may not request an administrative hearing to further dispute the adjustment as defined in Sec. 15-9-142(K).

I am familiar with all the facts stated in this document and they are true and correct. Making false statements on this government record is subject to criminal prosecution under Chapter 37 of the Texas Penal Code. I certify that this application contains no false statements.

Signature of account holder: _____ Date: _____

Send the completed, signed form **within 90 days** of the date of the high water bill:
 email to AdjustmentApp@austincity.gov or fax to 512-505-4029

You will be notified of the adjustment decision generally within 90 days of receipt of this application.

Adjustment decisions are considered final and are not eligible for Administrative Hearings.



We've heard from the residents that didn't have 12 months' of usage with regard to the administrative adjustment. We'll look into that. We find a variety of issues. Every now and then there could be a mis-read, an error. When we find those, we go back and bill the customer at the correct tier. But for some of these, we can't find any root cause. Some of the situations where we have this, we have pictures where some of the reads were validated. On some others of the streets we haven't. We also work with Water to make sure if there is some infrastructure in that area or on that street and work with them to see if anything could have occurred to affect their bill. (4:55 minutes into video) [Was this done on the Saustrup bill when AE failed to find that there was a large AW system leak, not the fault of the Saustrups, which incorrectly inflated their water bill from \$7/month to \$12,000?]

Commissioner - How many complaints have come in to you?

Veselka - Since August 1, the total "escalations" are about 1800. If you compare that to 2015, we saw a much larger situation like this, and it was spread across several cities locally; it was 5300. [Why are they comparing to 2015, the year in which AW increased average bills by 23% (while the public was told the increase was only 3%), instead of 2016? I would expect a high volume of complaints with an unannounced 23% bill increase. Also, what is meant by being spread across several cities?] We see this seasonally, but previous years were untracked.

Commissioner Boyle - The first article that came out was October 16, about Circle C, and the headline said "Austin doesn't know why this happened", and the basic fact pattern that was described was low bills, spikes in September. Then on or about November 17, there was another article in much more detail. It described hundreds of bills that were similar. Now I also noticed in your handout, when you are talking about asking people about their swimming pool and other things, or their irrigation, and you try to explain why they have high bills, but you don't mention if a person has a low bill in one month, they can have a very high bill in the next month. Do you recognize that?

Veselka - Yes. The line of questioning is not to explain why a person's bill is high. It's just meant to walk through a usage pattern so we can best know how to look at the customer's case. [??]

Commissioner Boyle - In all these articles I've been reading, they talk about the City doing an investigation to find out why. So why were there low readings in August?

Veselka - I honestly have no idea. We look at pumpage reports, what water is pumped from the plants and compare that against the meter and those are in line, we have photos from the August meter reads.

Commissioner Boyle - The August numbers for hundreds of people were like their winter bill. (9:30 minutes into video) Not an August bill. That makes no sense. Zero. Do you agree with that?

Anders – Let me answer that. There's a lot of things that can impact the usage from a customer.

Commissioner Boyle – Let's just answer this one thing. I want to give you all the time you need. But the August bills, like Mr. Greer – he had 2800 gallons. That's his winter bill consumption. We heard this from customer after customer. They were getting their winter bill consumption in August. Now, Mr. Anders, why is that?

Anders – As I was saying, there's a lot of different reasons for water consumption to be either lower or higher, especially during the summer months, and a lot of that has to do with weather. I'm not saying that is the only reason, but during the August timeframe, depending on when your billing cycle is (it runs over 30 days), if it is during the last of August, there was Hurricane Harvey. In Austin, we provide information on rainfall, and in August we had 10" of rain. In our average for August, it's about 2" of rain. Those weather patterns can impact folks that might have an irrigation system and take it off line, not water for a couple of weeks because we got 10" of rain. And then in September if you recall, it turned basically extremely dry, it was over 100 degrees almost every day, and there's patterns in the weather – there's folks that irrigate in the summer – and typically that's our biggest usage – irrigation is basically double our winter usage. [This explanation is backwards. August bills actually covered a dry hot period, so usage should have been high rather than low. September bills included Hurricane Harvey, so the bills generally should have been for low usage, not high.]

So when customers have an extremely dry period in the hot period, then irrigation can be the reason why their bills spike. And that's some of the reason why Austin Energy, when they talk to customers, will ask if they have an irrigation system. It might trigger that. (12:00 minutes into video)

Commissioner Boyle – I don't mean to interrupt, but I don't think you are prepared for this meeting. We are talking about August bills. For example, Mr. Greer's bill was August 24. Do you know what the weather was? When Hurricane Harvey hit, do you know what days those were?

Anders – I think it was the 25th, 26th, somewhere in there.

Commissioner Boyle – It was more like the 26th, 27th and 28th. And Mr. Greer's bill had been read before that time. I have looked at every single cycle – you have 20 do you not? 20 cycles, 20 days you read?

Anders – That's correct.

Commissioner Boyle – And the reading on August 24th was the eighteenth [reading]; there are only two more left. And the next one occurred the next day, and the rain had not hit by then. And there was one reading on the 28th. That was the last reading of the month of August.

I looked at the weather for every single day of August, and every single day of July. We had hot weather, with no reason weather-wise to have a low bill. None. Did you look at that before you came to this meeting?

Anders – Not that specific data, but we have been talking with customers that have that.

Commissioner Boyle – It's not just an individual customer problem here. As you can see from the map, it's all over Austin. It's not located in just one part of Austin. It's a big problem. And whether somebody says 1800 – yes, I recognize the [unintelligible], that was in 2015. And not in 2016, 2014, 2013, was it?

Veselka – I don't have that.

Commissioner Boyle – 1800 is not a small number of complaints? (14:03 minutes into video)

Veselka – One customer is not a small number.

Commissioner Boyle – It's double your normal number, isn't it?

Veselka – I don't have a normal amount. I just came armed with this year and it is similar to 2015.

Commissioner Boyle – I don't know whether you're the one responsible for this or not, but you're the one speaking. So please accept my apology for that. But I want to get to the bottom of this, because you've got a lot of people here that want to know what happened, why it happened, and not to have something in the newspaper that says "the City can't explain it". You've got two choices here: It's either the customers' problem, and we know it's not the customers' problem – no one identified leaks or anything else. They had a low bill in August. No one has identified any kind of a problem that would cause a customer to make that bill low. Nor is there a weather problem that caused it to be low. So that's not the answer. Now I want to ask you a question: I want you to tell me exactly -- Bermex's first month of reading bills was August, was it not? That is, by itself. They were on training wheels with Corix for two months [prior to August].

Veselka – Right.

Commissioner Boyle – Because they went out with Corix in June and July, but in August they did it themselves. And that was their first month. Is that correct?

Veselka – I don't remember if it was August 1st or September 1st. I would have to check.

Commissioner Boyle – Alright. According to the contract, it should have been August 1. [Unintelligible] scope of work.

Veselka – That was the scope of work of the contract. When they did the first set of reads on their own, I don't have that, but I could check.

Commissioner Boyle – There would be 60 days that they would be doing it jointly with Corix, and then in the month of August, they would be doing that on their own. (16:00 minutes into video)

For the first time. Now I want to ask you about these bills. I assume that you went back to analyze all the low-use bills. Have you not?

Veselka – Yes.

Commissioner Boyle – Alright. And in so doing, were the numbers that you got and that you put on your bills for August, were they the numbers that were transmitted by Bermex [Does he mean Corix]?

Veselka – Yes.

Commissioner Boyle – Alright. And those numbers, you will agree with me, make no sense. Because the explanation that Mr. Anders gave me – the weather -- isn't it. And he hasn't given me any other explanation for that. So you've got a problem with August. A big problem. You've got low, low, low consumption without an explanation.

So Bermex [Corix?] sent you those numbers, and you used them. Then the most logical conclusion is that they were estimated. That's the only logical conclusion. They didn't take the real number, because those numbers were way, way, way too low. Those were winter readings they were sending you. Agreed?

Veselka – They would have no way to estimate ... The process is built so the meter readers, again, are blind to previous reads, so there's no way to estimate. [AE later said that these read problems were caused solely by 2 meter readers who estimated bills.]

Commissioner Boyle – Except Corix can talk to them. And besides that, is it not true that Bermex is co-located on Rutherford Lane with Austin Energy?

Veselka – Yes. And Corix was co-located on Rutherford Lane with Austin Energy.

Commissioner Boyle – And they are feeding the data ... I don't know what it is, some sort of workstation, and then there is a Austin Energy workstation right near the workstation of the meter reading company. Is that not correct?

Veselka – I don't know if it's workstations. It's transmitted via an electronic file, reads are.

Commissioner Boyle – It's not like they are across the room, they're close, physically they're close. That is, the people who are sending it in to whomever it is from Bermex sitting there and the Austin Energy person that they interface with.

Veselka – The Austin Energy field group manages some portion of re-reads and field activities. The meter read vendor will send us reads through a file, and those are picked up and put into our billing system.

Commissioner Boyle – So does that happen without review? (18:20 minutes into video)

Veselka – The review is, the meter reader, when they are out there entering the read, whether it is high or low, we also have quality checks, and I can go back and review some of the things that have been done over the years – the audit ...

Commissioner Boyle – I understand, and I looked at those. But here you've got a problem. You've got August winter usage coming in, all over the city. They are in clusters – they may not be everywhere, but they're in clusters. For example, I looked at Mr. Greer's bill. Mr. Greer's bill – it said that his August use was 26.81 gallons less than the average residential use for his area. There's a little thing on the bill that's kind of in reverse black-and-white that's talking about how you shape up with your neighbors, in your area – whether you are using too much or too little. Is there not?

Veselka – [Nods yes]

Commissioner Boyle – So that was just 26 gallons. What that is telling you is that his low, low, low August bill is the same as all his neighbor's bills, or close to it. Isn't it, when it says it's basically the same average usage as the residents in his area? It's everybody. Not only is he experiencing a low, low August bill, but everyone in his area is experiencing it. That would be the natural conclusion, wouldn't it?

Veselka – I don't know how that algorithm is built, but I would assume. (20:00 minutes into video)

Anders – It might be ... I think that particular thing is like 5 zip codes. It's a larger area than ...

Commissioner Boyle – Ok, I do want to understand: what is "an area"? What is an area: Is it a route?

Anders – I thought it was [unintelligible] a zip code.

Commissioner Boyle – That is "an area"?

Anders – It can be. Because that's the easiest way to get that kind of detail, rather than going to a neighbor that's two houses down, or one house down ...those kinds of things.

Commissioner Boyle – Let me ask you a couple of other questions. When the cycle days – they're not the same – you've got a different number of routes, depending on the day, you have a different number of meters. Do they change the number of meters that go out, meter readers from each cycle?

Veselka – No, they're fairly balanced – between 20 and 30 employees that are reading meters on a daily basis.

Commissioner Boyle – So on one day you can have them reading 9,000 meters and another day 14,000. Isn't that correct?

Veselka – I do not have that information right now.

Commissioner Boyle – But there's a disparity.

Veselka – I honestly don't know if there is or not.

Commissioner Boyle – The only reason I know this is because it's attached to the addendum to the bid specifications, and it specifies the number of meter readers for each cycle and the number of routes. And they vary too – that is, from 46 to 56. Would you not assume then that you need a different number of readers depending on what cycle you are in? Or do you know?

Veselka – I don't know that.

Commissioner Tuttle – So at what points in the system do you have system-level meters, so that you know how much water is being consumed? (22:02 minutes into video) It might not be at the house, but somewhere up in some pipelines and pumping stations, you know how much is consumed.

Anders – Well, we have a very integrated system.

Commissioner Tuttle – How many measuring points do you have?

Anders – We definitively have meters at the treatment plants as it goes out into the distribution system. .

Commissioner Tuttle – So what I would expect for root cause analysis is – because it looks like to me that **you have way too many complaints** and there needs to be continuous tracking because, every so often meters can wear out, it looks like you've got a spike in this. **There doesn't seem to be good diagnostics, there is poor root cause analysis, and just a lost confidence.** Is that a fair assessment? So that means you all have to dive in. I've done this in the past. When I used to design computers, it was really hard to diagnose. Sometime the bug took a month to find. But we found it to fix them. **I am not seeing, bluntly, the kind of root cause analysis that I find to be needed.** **You need to build confidence and get data – to get data on previous experience, all those months in the past, weather data** to show so that he's not having to come up with it. Here's the data, when it rained, you should have the system-level data of what water was pumped, to get an indication. In Austin, when people have these little water bills, we're still pumping a lot of water because somebody was irrigating a lot. That's the kind of data that you really should have. And it's just not acceptable.

Commissioner Hadden – (23:51 minutes into video) I've got a question as well. **What percentage of reads are estimated?** Tell us more about that.

Veselka – **Less than 1% on the water meter reads are estimated on an annual basis.** Sometimes it may fluctuate up a little bit, especially in the spring or in the fall, when there's storms or other things. We may have some higher instances of reads. **If the read is on the bill and it is estimated, it comes through the system as estimated, and it is marked on the bill.** One thing we are investigating, as of Friday, we just received the initial pricing on, is, instead of just the high/low, have the meter reader capture every single meter read. And so we are very seriously pricing that out, and getting that information so we have the photos.

Commissioner Hadden – Just two more questions. Is there any overall computer error that could have affected all of these bills? Is that even a possibility?

Veselka – No. A third-party accounting firm came in 2016 and validated that the billing system calculates the reads entered at 100%.

Commissioner Tuttle – So nowadays with your banking app, you can actually take a picture of check and it has very fine-grained resolution and character recognition. So with that new app, could they just take a photo and read the meter with that? That would be your check or audit mechanism that actually does it?

Veselka – We have a wide variety of meter types on the water side. We did look into that, but it's not like a consistent meter, because the formatting of how many dials, and a Badger meter versus a Neptune meter, (26:01 minutes into video) and how the dials come across would make that an extremely difficult thing. But what it would allow us, is the meter reader still makes the read with the high/low parameters, but a picture is taken of every meter read, so we have photographic evidence every month, of hey, we validate, we were there, we read your meter, and this is the read.

Commissioner Tuttle – Does every meter have the numbers? It has the dial that goes around, but does it have the numbers? So that is just character recognition.

Veselka – It's not one consistent kind of meter. It just brings a different level of complexity; we've looked at it.

Commissioner Tuttle – All the different checks seem to get done by the banking apps. It's technology that can be mastered.

Commissioner Hadden – Let's not go too long.

Commissioner Boyle – I have a couple more questions. I want to understand better: what is your high flag?

Veselka – I believe it's three times the usage for the same time period the previous year, at that premise.

Commissioner Hadden – The physical address, not the account number.

Veselka – Yes.

Commissioner Boyle – When is the last time you altered your high flag?

Veselka – I say it's 3; it may actually be 2-1/2. I don't have that information readily available. I can get that back to you. We review the parameters on an annual basis. I think they were adjusted down a little over a year ago. I can find out the specifics on that.

Commissioner Boyle – Did you make an adjustment in September for your high flag?

Veselka – No.

Commissioner Boyle – Did you take into account that you had record rains, 10", in some places up to 14", so that your September numbers would be way down? Did you change your flag for September? (28:02 minutes into video)

Veselka – No, the flags are meant to be part of the funnel. So three times we found across other utilities using the same billing system are the benchmark parameters. I think we adjusted ours down, about a year ago, but it's not something you do on the fly, or on a monthly basis. It will send re-reads and other things out and cause additional reviews, so you want to tightly adjust those parameters, and make sure you are doing it in the best possible way. You're catching as many things as you can without overwhelming some sort of manual review.

Commissioner Boyle – You had 90,000 flags in 2015. Were your parameters different then?

Veselka – I believe they were. Like I said, I would have to find out when they were adjusted down.

Commissioner Boyle – What is the low flag now?

Veselka – I believe it's 25%. Again, I don't have these things off the top of my head.

Commissioner Boyle – 25% greater than the normal low? 25% of what?

Veselka – 25% less.

Commissioner Boyle – 25% less than normal?

Veselka – I believe.

Commissioner Boyle – And normal is defined as the same time of the year?

Veselka – Yes sir.

Commissioner Boyle – Do you think that's long enough? For example, in 2011 we had record droughts and so we had an abnormal year. Do you think that's long enough [only referencing the previous year] to figure out what's normal?

Veselka – That's the joys, unfortunately, of some of the weather in this region. We can have crazy weather like in 2011, and then you have 2012 and 2014, which were much wetter. (30:00 minutes into video)

Commissioner Boyle – Wouldn't that dictate doing it over a little longer period to smooth that out a little bit? So if you had an abnormal year, you wouldn't cause havoc here?

Veselka – The swings do cause a little more of an annual review. I don't think we are looking at things to flow through the system automatically. We're trying to catch as many things that appear as abnormal here as possible so that they can be reviewed.

Commissioner Boyle – I just want to go through a few things very, very quickly here. We have the recommendation from Mr. Shaft I believe – he's talking about the high adjustment where you're not in there for 12 months [haven't been a customer yet for 12 months at the address]. Would you agree with the recommendation he made for change there?

Anders – We worked through Troxclair's office, just after 2015 high bills, trying to craft that, and clearly those were the restrictions that were in the Code. And so it does take a Code change to be able to change those particular parameters. It is something that over this last high bill that Austin Water is going to look at for next summer. I think Austin Energy and Austin Water are working to get a potential service regulation code change to happen early next year, and so we could consider those. It is something where Council would work with our offices to craft that language, and they were very restrictive on some of that language. Whether or not they would be willing to change some of that language is something that would have to be proposed. (32:07 minutes into video)

Commissioner Hadden – So what do you recommend to the customer when they are sitting there and they are faced with a \$1000 bill and they know that it's not right, they know that this is wrong, what are they supposed to do? They don't want their water turned off, and of course they can't live without water. What are they supposed to do? Are they supposed to pay that bill and wait for a rebate? What are they supposed to do?

Veselka – We have several paths. Something that was just recently made available, again to customers who may not have been earlier in the summer with a hearing for high water usage ... Any bill that's under dispute – the customer calls and there are things that can happen, and they will not be cut off if they are disputing a bill, or it's working through the "escalations" or resolution process – to the extent that they are charged late fees while they are waiting for that, we try to do our best and catch these and make sure that doesn't happen. But we would surely waive these to any customer and make sure the customer does not incur those while we're investigating. [What happened to the Saustrups who were charged hundreds of dollars in late fees when AE wrongly charged them? Why were they charged, particularly by inappropriately drafting out of their bank account until it was empty? They ultimately got a credit on their bill, but were they ever refunded the bank drafts? (\$800 of bank drafts for a family with a \$7 monthly bill should be a refund, not a credit.)]

There's the administrative high bill adjustments that we just spoke about – that's a path where someone has 3 times the unexplained usage – they can elect to have that.

Commissioner Hadden – What happens if they choose not to pay it when there's this dispute going on? That's a hard decision that people are facing.

Veselka – Right. I'm going to defer to ... [off-mike discussion]. (34:05 minutes into video)

Tiffany Webb, Austin Energy – If someone is disputing a bill while it's under review, we will postpone the credit review, and we will postpone any late fees that they are incurring. Just give

them time to create the administrative review, and if they are going down the path to an administrative hearing [unintelligible]. We take that into consideration.

Commissioner Hadden – And you will not cut their water off?

Webb – No, not as long as they are “working” with us. The struggle we have is the customers who are not “working” with us. [“Working with Staff” needs to be clearly defined. There seems to be a lot of room for AE Staff discretion and abuse of customers.] If we’re currently working with a customer and there’s an investigation open, then we will work with them.

Commissioner Reel – The way the bills are, they’re all together, it’s one utility bill. If you’re late on one thing, you get everything turned off, correct? If they’re not “working with you”. It’s not like you just turn off the water? I just want to clarify that.

Webb – If you have two services, electric and water, then they’re disconnected. But if you are working with us on the water portion, you’re not going to be disconnected.

Commissioner Reel – When we talk about the Charter and Charter changes, I think Jim [Boyle] has a good point here about that one year and looking at an average. Do you have data available to do at least a 3-year average? In most cases, you want at least three data points to even consider something credible. Five is better, but 3 at least meets the minimum of having enough information to make some adjustments. Do you have that available?

Veselka – Are you asking about using multiple years’ data points when they’re in our system flags, it says “Hey, look at this read, it seems higher or low”? Are asking about data points for that? (36:00 minutes into video)

Commissioner Reel – I’ve got two things: that and new homeowners who purchased a house that had history. I realize that if it’s new construction there’s no history, therefore it’s outside the rim. Do you have those data points? Is it information you have and that the system can deal with?

Veselka – I can check on the parameters using more than 12 months as a backwards look. That’s something we were already starting this year’s process of reviewing the parameters. So we can look at that. With regard to the one without a history ...

Anders – If you’re working on a high bill adjustment, the change could maybe be potentially lowering of that year. Because if somebody doesn’t have 12 months, then they are disqualified. If they were to have several months before, they would have a potential option for a change. Now clearly if you went back longer, that would tend to have maybe fewer folks qualifying.

Commissioner Reel – That’s what I was talking about – Charter change. I understand that if someone has irrigation, if they have 5 people versus 2 people, there are usage differences, but if someone is researching it, they would be asking those kinds of questions, wouldn’t they?

Anders – Yes. Not typically just “how many people are in your household”, but your irrigation patterns, they would be looking at, if you’re trying to qualify for a high bill adjustment, looking at

that two years. They have to have at least 12 months, and then we have to look at 2 years' average. And sometimes that 2-year average consumption provides a problem. If you go back 2 years, there could have been a real dry summer, that customers' consumption is higher (38:02 minutes into video), and then their average doesn't let them qualify for the 3 times that consumption. And so there are some nuances. It does provide a little bit of flexibility. We might look for a way to provide ourselves a little bit of flexibility.

Commissioner Reel – I think we're all saying that we want more flexibility, we want there to be more accountability, and more information is a better way to get there.

Commissioner Ferchill – [Shows a graph of his own water usage, with a very short bar and a very tall bar next to each other on a bar graph.] The same pattern. About a third of my usual August usage, and about 3-1/2 times the usual September usage. I kind of looked at that, and my wife was writing the check and said "What the hell? You need to call the water department." And I said "Well, Honey, let me think. We were on vacation at some point this summer. We have an automatic watering system. Maybe we adjusted how much water ..." I thought just like you're thinking, that there could be a lot of individual behavioral things that might affect this. So I really didn't do anything about it. It cost about \$300 more than it usually did, but I didn't think it was worth it to raise it to the level of chasing this down. But now it seems to me, from what I've heard from my own neighborhood and from a lot of people who've been calling me up that this is a more pervasive issue, and when I hear what your department has done to address it, it sounds like "Well we just dealt with every individual customer, which I think most of the time makes sense because they're like me, going on vacation, if you add a watering system, that you have a leak, etc., etc. (40:04 minutes into video) But when it gets very pervasive, I would suggest that that probably suggests to me that there's kind of a hiccup in the system. It might not be – it could be that everyone in the system went on vacation at the same time, and everybody turned off their water system and then back on at the same time, but it seems unlikely. And I'm trying to understand if all of this has been dealt with so far on a one-off basis, each customer dealt with individually, or you tried to do something to figure out where there is a systematic problem.

Veselka – I would say that it's both. We deal with the immediate individual customer, absolutely, on an individual basis. We're also looking at things on a street-level neighborhood-area level, and we're working with Water to see whether there are any infrastructure issues in an area. [The Saustrop high bill was caused by an AW system leak in the area. Why didn't AE ask about that or AW answer that question correctly if it was asked of them? There is a failure in standard procedures if what was done to the Saustrups is standard.] Was there something that could've caused ...? I don't want that to get lost and folks to think that we're looking at this on a bigger level. This has been the focus of quite a lot of us at Austin Energy and Austin Water for several months, since the summer, the middle of the summer [How can this have been a focus since the middle of the summer when it was not reported, mostly, until October?]. We have worked with the Councilmembers, discussed with them efforts that are going on. The City Auditor will be looking at taking some samples of some of the "escalations" that came up this summer and last

September, and doing a review of those. That was asked by Councilmember Troxclair and we welcome that look into the processes and the “escalations” that came up, and the facts on those (42:00 minutes into video), so that we can have someone external to us looking and developing a report, to help us get to the bottom. [The Office of the City Auditor found in March that “There were approximately 3,000 complaints made to Austin Energy in fiscal year 2017. Records related to a sample of 41 of those complaints indicated Austin Energy handled every complaint in accordance with their policies.” That seems to imply that actions taken against customers were not rogue but routine and sanctioned.]

Longer term, I’ve heard that automated meters are not the solution and if they help, we’ve seen it on the electric side. We’re working on the water side, and Austin Energy is involved with Austin Water in some of the pilot programs that they’re doing to get automated metering structures in place. We’ve seen it help in communities around us – Cedar Park and Round Rock have those capabilities now. It helps customers monitor usage. This was an unusual pattern, as was 2015. The 2015 pattern was tied more to the drought and the weather. So it would help customers have a little bit more insight, and not be “Oh, it’s been 30 days, and that’s how much water I used”. So we’re working with Water on that. I think that’s a several-year process that’s off the ground.

Anders – One other thing I did want to talk quickly about – during this timeframe when we saw the low bills and then the high bills and then following them up – is something Austin Water is working with Austin Energy, and we developed guidelines for reviewing some of that, and have basically looked at being able to spread that water usage out over those months. Granted, if we got a good read for both those months, and we can’t understand why did it ...? It would allow us to, for somebody who’s using a small amount, then one month a higher amount, and basically it is sort of consistent with their normal usage, we would tend to smooth that out so their bill would not be impacted as much. (44:00 minutes into video) But clearly that means that the one month that’s a lower month actually goes up a little bit, the higher comes down. The net impact of that, like on the Aspen Street you saw out of that, and that was the basis for an adjustment that we had offered those folks, was those guidelines on high-low bills. It’s not in the Code. We implemented that with Austin Energy, and gave them that tool to use for this situation.

Commissioner Ferchill – I will just say that if you take those two months for me, which are the only ones that are kind of curious, and average them together, they come out to be about my average monthly usage. It just seems like a very curious usage pattern. I would just encourage you to keep in mind a systematic approach to cause analysis here.

Commissioner – It’s also unfair because you got bumped up a couple of tiers.

Commissioner – On the rate that you pay.

Commissioner Ferchill – I understand that. I’m just saying that the curious part about it is the average consumption seems spot-on. It’s like it just shifted from one month to the next. And I know that, especially for any individual instance, there are a lot of things that could make that happen. That only other thing that I’m going to say is that I’m definitely going to recommend that

we ask the Council to address the issue of these new homeowners. It can't be that the intent of the law, if somebody is unlucky enough to buy a house in the wrong month, he can get a bill for \$100,000 and then "Oops, sorry, there's nothing we can do about it". There's got to be a fix for something that's just way out of the realm of possibility.

Commissioner Osborne – I've got two questions. This is kind of a process question. When John or when Michael calls up, and you get to a customer service rep, does all the information show up on their computer, where they can see the 13-month graph, and they see the bars and see the usage, and it's like you said, "Man, I got a bill for 109,000 gallons of water", like John said he got, and at the same time the person on the other end of the terminal of the customer service rep says "Oooo, I see that" – does that happen? Did that happen with you John?

John – Not the first time I called. The first time I called they tried to tell me it was irrigation. Look, I've been checking the irrigation.

Commissioner Osborne – My question is, from a public relations point of view is

Commissioner – What does the CSR have to look at?

Veselka – They do have the whole history of the account.

Commissioner Osborne – And is the graph there, where they can quickly see where there's a big bump, just like the customer sees?

Veselka – They have access to the bill that has the same graph on it.

Commissioner Osborne – So if they wanted to be empathetic in some way, they could be? Instead of being like "What did you do wrong"? Instead of saying "You must have done something wrong", could we possibly train our people where they share the same way our customer's feeling? To me, that would help with some of this.

Veselka – And we have gone back through and on several of the "escalations" and where we heard of customers who have given us the feedback that they felt they were going through a laundry list of questions or they felt that their concerns were not being taken Our calls are recorded, so we have had the folks in that area go back and listen to the call.

Commissioner Osborne – So who's doing our call service right now? Do we have that subcontracted out (48:09 minutes into video), or are we still doing that?

Veselka – We do that in-house.

Commissioner Osborne – So we're still doing that in-house, right? So we can train them to be more empathetic. My second question is this: on the electric side we have an accounting ability – we have 13 terawatt hours that we have generated. Or a little less than that, say 11 or 12 terawatt hours that we generate and we know what our total sales are between the three commercial, investor and industrial groups, and differences – what we bought from ERCOT. We have an In

and an Out. I've never seen that on the water side. Do we know how much water we treated and how much we sold?

Anders – Yes, as I've mentioned, at the treatment plant we have what we call pumpage statistics, and so every day each of our treatment plants reports pumpage that went out of that particular plant. So, on a monthly and annual basis, we have all of that data. We also track, through the billing system reports, all the consumption that the customer has. And so we typically would look at that, typically by month, and we track that especially during the summer months. In July, August and September, it is typically higher than all the other months.

Commissioner Osborne – I'm a little more capable of taking care of myself in the electric field. Do you produce an annual report that gives all of those numbers, like the pumpage and how much we sold, like we do on the electric side? Because I can go into the performance review and find out dang near everything about this utility (50:01 minutes into video). Do you have that on the water side?

Anders – Yes, we have a monthly financial report that we provide to our Commission on a quarterly basis. On Wednesday, we are providing the quarterly report for the end of 2017. A lot of those statistics, as far as pumpage and consumption that the customers have, or even flows on the wastewater side, by customer class are reported.

Commissioner Osborne – So there's an annual report that you put out on the web that I could look up?

Anders – I'm not sure if it's on the web. Definitely we could provide you copies of this final report that we are just doing for 2017.

Commissioner – Can you put it on the website? I mean, I think people are going to want to see that. [Unintelligible] their circumstances.

Anders – Definitely we could take a look at that. In the past we've kind of shied away from putting any significant financial information on the web for everyone to see [Why??].

Commissioner Osborne – I'm asking about physical information.

Commissioner – I think it's more the actual numbers.

Commissioner Osborne – We've got that on the electric side, and of course some of the electric side we don't talk about, the finances to the detail it could be. But you can definitely look at how many kilowatt hours we generate and how many we sold, and it seems like we should have the same thing on the water side, because I guess it's possible that people lose faith in it, and the next thing you know, they're going to go "They're selling more water than they even treated". Which I don't think is happening, but I think we need to be able to be able to show everybody that the books all add up.

Anders – We can definitely [unintelligible].

Commissioner Boyle – Today I don't mean to come out too hard. I want this, and I am sure that every Commissioner does, and I hope you do too ... We need to solve the problem, (53:01 minutes into video) particularly for August, figure out why those low numbers were there. I'm going to recommend, at least I'm going to ask, that we put this item on the agenda until we know. Every month. We need to know the answer to this issue so it doesn't happen again.

Chair – To those that came forward tonight, I want to thank you. We hear your concerns and I think you can rest assured that we'll be speaking to Councilmembers about this. I can't comment right now, but you are welcome to call us further. I think this is an issue that's going to need a lot of investigation. We can't talk right now, but please call or write to us. We welcome your input. So thank you very much; we appreciate your information. (53:10 minutes into video)

EUC Meeting January 22, 2018 Notes

Items 13 and 14: Presentation regarding water meter readings and associated high bill concerns

[Items 13 & 14, Part 1 of 2]

Kerry Overton (Deputy General Manager, AE) – In the past few months, we have seen an increase in the number of customers who complained about their late summer water usage. Given all the discussions we've had with the customers and the EUC and others, we want to extend our appreciation for the feedback. We know that this is tough on our customers and on us, but we are going to talk about our commitment to make sure that we resolve issues and we treat our customers well throughout the process and we get to the bottom of a resolution.

The magnitude of the problems became apparent to us in late September and in October. Concerns were also raised in the news, social media and at the EUC. We have been investigating those concerns. I want to assure you that we take these customer concerns very seriously. We understand that customers must be able to trust that the metering and billing of utility services accurately reflect actual usage. We are committed to a thorough, complete and transparent review. [This did not happen in the WG, where there was no camera, public or press.]

During last month's EUC meeting we were in the middle of an investigation and we were not completely prepared for the detailed nature of the questions. And for that we apologize. Although our investigation is not complete, we have made a lot of progress. A team of Austin Water and Austin Energy met together and reviewed every "escalation". Our data analysts have looked across the entire system, at hundreds of thousands of records of unusual patterns of consumption. We have eliminated some potential causes and are concentrating on others.

By January 29th, every meter read will be validated by a photo. That's a major, major process change for us that will start to restore confidence in moving forward. For perspective, we're analyzing over 20 billing cycles each month for 220,000 customers situated in over 1,000 routes. We are going beyond that. [8:02 minutes into the video] We are also creating a process of cross-checking where we go back, looking at cases we've already reviewed. I hope you will be able to recognize the vastness of the assessment underway, and I hope you will recognize our deep interest in getting to the bottom of these questions, particularly of the ones of interest to you [Commissioners] and our customers. Our commitment is to continue to investigate the unusual patterns until they are explained, to be transparent about the results and conclusions of our investigations, work with every customer who has addressed their concern or questioned with us,

and go beyond that from the lessons we have learned to customers with whom we have not contacted.

Elaine Veselka (AE) – This is a high-level agenda of what we will accomplish in this presentation [Page 2 of presentation]. Our focus is to recap the evidence from last fall regarding customer concerns on water bill complaints. We do hear these ongoing concerns, we appreciate the customers who have continued to come forward and bring issues. Rest assured that we are looking into each and every one of these.

[Page 3 of presentation] The utility typically sees high water bill inquiries and “escalations” in the summer. From this chart you can see that we saw our first spike in high water bill complaints or inquiries in mid-September with more acute peaks in October. [The chart shows “escalations”, people who called in complaints.]

We instituted a 4-prong approach. The first part is restorative. During that process we worked to solve immediate issues and make the customer whole. Not every high water bill or complaint has the same cause.

We also perform analytics. One is short-term issues. That’s where we look to see if there’s anything at a high level, any systemic issues. The other is long-term issues, where we look to find a root cause.

We have preventative measures, and that’s where we look at our business process and quality assurance measures, and shore those up if there are any shortcomings.

And then we have proactive, where we identify future opportunities to improve the customer experience.

Starting with the Restorative [Page 4 of presentation], when a customer calls with an “escalation”, we do several things. We have a “case-management approach”, and we validate the meter read. We compare the read to previous history, we request a re-read if there’s a situation that calls for that, and if an issue is identified, we will re-bill with an appropriate credit.

Not all “escalations” turn out to be errors, and usage can regularly vary, even with individual customers. That’s why each complaint is handled by a specially trained representative. We try to find the potential root cause of consumption increases, and this is what causes tough conversations with customers. We have to ask the customer questions to understand whether there are any changes in their usage patterns or behavior patterns that will drive the increase in usage, without placing blame on the customer. Potential root causes are unidentified water leaks, more people in the household, or installation of new landscaping. We then try to offer the

appropriate resources. [9:56 minutes into the video] For example, if there were an unidentified leak, we offer the leak adjustment process to help the customer's bill return to normal.

Early on, when we found we were getting complaints in an unusual amount from September into October, there was an unusual pattern identified: a low August, followed by a high September. We then ensured that we were doing our "top-down" analysis, to ensure that there were no systemic issues. The first place we would start is the annual bill consumption. [Page 5 of presentation] The graph shows the annual water bill consumption for the past 5 years. The orange line is 2017. We didn't see anything at that level. [They were wrong. There were clusters of affected customers throughout the city.]

Drema Gross (AW) - [Page 6 of presentation] This is the point at which Austin Water starting trying to make sure there was nothing wrong with the water distribution system. Gray bars on the graph represent monthly rainfall. The blue line represents monthly pumping that comes out of our treatment plant, and the orange line is everything we are billing our customers for – residential and commercial. The gap between those two lines is anything from water loss to leaks and breaks, firefighting, water that's used in the distribution system (like line flushing) to maintain quality. The takeaway from the graph is that we do see fluctuation from month to month, but what we never see is billing for more water than we pump out of the treatment plants. It's a very high-level review to see if anything went wrong in September, or in August. Those are the dates that we are hearing from our customers. There is nothing here that shows the true root cause.

Elaine Veselka - [Page 7 of presentation] We heard concerns that a large number of water bills had been estimated. I want to make clear that the meter reader does not estimate a read or a bill. [They were wrong. They later said that the sole source of low-August reads were estimated meter reads by 2 meter readers.] If the meter reader is unable to obtain a read, they will enter a "trouble code" or a "skipped code" to help track the cause. That is entered into the "hand-held". The vendor then tries to attain a re-read at no additional cost to the City. If a read cannot be attained, the billing system estimates usage based on historical consumption for that "bill segment" based on historical consumption at that "premise". And it will be noted on the customer's bill that the bill has been estimated.

We trend less than 1% estimated water bills on an annual basis. The page 6 graph shows data for 2017. We were below 1% as usual, indicting to us that there were no meter reading/uploading issues. [They were wrong. They later said that 2 meter readers entered fraudulent readings after business hours.]

[Page 8 of presentation] Page 7 [really page 8] of the presentation shows consumption by billing cycle. We have 20 billing cycles, aligning with the 20 business days of the month. Each of these cycles is comprised of multiple meter read cycles and routes. We have 1,080 meter read routes.

The bill cycle is not necessarily geographically based, meaning that the bill cycles may be spread across the city. Across the billing cycles, we do not see a consistent trend of unusual billing patterns. [They were wrong. A large number of customers (17,800) were affected by estimated reads being entered into the billing system, across the city.] This, coupled with our other system analytics, convinced us that we needed to do a more “granular, bottom-up” approach. But to do that we had to find the common patterns across all cycles.

To help us identify the connections between cases we looked at the approximately 2200 “escalations” for customers with high water concerns. Where we found a read issue or a root cause such as a leak, we issued the appropriate corrections, and some customers have received administrative adjustments or leak adjustments. However, these were not the majority of the “escalations” population; they were approximately 20%.

[Page 9 of presentation] A few neighborhoods had the unusual usage pattern of a low August and a high September. [14:58 minutes into the video] AE and AW are working to smooth the consumption between the months, resulting in a credit for some customers. That involved spreading out the usage over multiple months.

Our current focus is further analysis to identify patterns and establish root cause. We have been doing lots of “data mining” determining whether other customers were affected.

[Page 10 of presentation] With regard to the preventative focus, we’ve been focusing on our meter-to-bill quality assurance. We have several improvements in that area. The meter-to-bill process is the entry point into the billing system. It’s a very tight process. It’s 3-5 days. The meter read is entered into the hand-held device. If the read does not pass a “high/low parameter” check, the system prompts the reader to re-enter the read, and a picture is obtained. We also have an internal quality assurance review, where selected reads are reviewed by AE. (AW has already begun participating as well). Meter read pictures are something new, starting with the January 29th read. All meter reads and attempted meter reads will include a picture going forward. So if we are unable to get to a meter because they have cars parked over it, we will have a picture of the obstruction of the meter. We’ll also have a picture of every meter read.

Commissioner – Is the system being updated so that the customer can also see those pictures with a GPS time stamp? One of the ways to rebuild trust is that they can see AE pictures, and their own pictures that they have been told they should take, and they can compare. Is that already in the plan?

Elaine Veselka – Our focus right now is getting to the root cause, but that is a suggestion for moving forward and we will look at that.

Commissioner – [She said she'd heard her meter reader complaining about having to take a picture.] Is the picture tied to the file in any way?

Elaine Veselka – The meter read data comes over in a file. It's a separate database that stores the pictures, but we're able to cross reference. Currently we're not taking a picture of every meter read, but if it fails the high/low parameter and they're taking a picture, that information comes over with the file.

Commissioner – It's my understanding that the high/low is already the policy, is already happening. So what happens when you get a reading either below or above the range?

Elaine Veselka – The high/low process is twofold. One happens at the meter read, and one happens during the billing process. During the meter read, if the meter is read, the [high/low] information is blind to the meter reader; he only has the meter ID. [That is wrong. According to later information from AE, meter readers accessed billing records with high/low information.] The file behind the software will flag, and will prompt the reader to re-read and take a picture. That's the current process.

The second part of the process is when the meter data file is sent to AE. We verify that the file is received in the time limit that's required, but we're also developing a methodology to analyze meter data for unusual usage before it gets to the billing review. It would be great if it got there before the billing, but it's a tight timeline and we have it within a day or two of the read.

And then the bill goes through review before generating. [20:00 minutes into the video] And if the high/low parameters are triggered, the billing system will kick out an action for a billing rep to review the usage, and they'll look at historical usage over time and also pull the photo and validate that the meter read is appropriate and matches the read.

Commissioner – Shudde Fath showed me five years of her utility bills. She had a zero read for her water consumption for 8 months. It seems that the billing system [unintelligible] for working when she went from 3000 gallons to zero, something should have happened to trigger that something was wrong. Being Shudde, she wanted to see how long it would be before somebody did anything about it. And we went to 8 months. And then she got a bill, and then she called in, and she got a new meter Friday. How does the flagging work? 1300 to 0 should trigger a "low" and when she went to the high bill she got in November, when they hadn't billed since March, from zero to the 3000 again should have triggered a high. What happened?

Elaine Veselka – I absolutely agree. As a part of this process, I mentioned proactive measures. These are all things that we are coming across. So we may go down the path of looking at high/low parameters to catch more customers, and we may have customers with zero usage. How are we catching those customers? [She didn't answer the question.]

Commissioner – How is the equation behind that making those flags work? There seems to be a problem there.

Elaine Veselka – The high/low process looks at one data point in time. So they may have zero usage but a year ago they were having construction at their house and weren't living there and [unintelligible]. There is an opportunity to bring in more parameters and more data points so you aren't evaluating against just one point in time.

Commissioner Boyle – Why didn't Shudde get a flag?

Elaine Veselka – I can check into that. [Staff never answered this question at future EUC meetings. Many questions were asked in Working Group meetings about zero reads, but Staff did not volunteer an answer regarding this question, and did not responsively answer other WG written questions about zero reads.]

Commissioner Boyle – We had another customer, Ms. Skillman, who had zeros for 5 or 6 months. Why didn't she get a flag?

Elaine Veselka – We will look at that. [Same comments as above; this question was never answered in later months.]

Commissioner Boyle – Why isn't the system picking them up?

Elaine Veselka – I can't tell you about the specific account, but I can tell you how the system is programmed. It should have flagged, so we can let you know the results on those two. [They never did. There is a pattern of not following up and answering questions, after committing to check on unanswered questions.]

Drema Gross – From Austin Water's perspective, we are learning where we need to come in and do some additional reviews on our own. We rely heavily on AE, we partner with them, we work very very closely, and they are a trusted partner in our billing process. But these are Austin Water's customers, and we want to make sure we don't have these systemic problems happening again, that we don't have customers that are experiencing zero reads for a number of months and then are worried about being hit by something [back billing, possibly with late fees, where there was an erroneous zero bills]. So all the preventative efforts within the system – we're also going to be working with AE to find types of reviews – do we need to add staff, do we need to find staff ... The stories that we are hearing from our customers are helping us identify what we should be looking for in order to have humans, as well as the system, look for these unusual patterns.

Commissioner Tuttle – That may be philosophically correct, but what I've experienced in the past is that you spend half of your time talking to people. [25:00 minutes into the video] What you're telling me is that you have a "test bucket" and you run a case through the system, and if it doesn't get caught in the bucket, you upgrade the bucket. Over time you get tougher regression tests. This makes me wonder how a \$12,000 bill didn't get caught. Would those be the perfect people to start with? Managers should go in there where they can see people, where you have made them mad. Then you guys are plugged in rather than let your service representatives be the ones that have to deal with it. There's nothing like the managers seeing angry customers first hand. I don't know how much you all are out of the office in people's meetings in the neighborhoods. That's how you deliver a quality product: you eventually run out of problems you have to solve.

Elaine Veselka – We have several quality checks in place and they look at things at a larger level. We are also working to identify what's causing these specific issues. Every year we go through an annual review of high/low parameters and ratcheting those down to determine "are we where we need to be"? Benchmarking with other utilities, we are in line or more stringent than they are, but we recognize there may be a need to adjust those. We've accelerated that review for the coming year.

Commissioner Tuttle – The relationship part, as far as the cultural part, there's nothing like people suffering. [Unintelligible] Make it pervasive throughout the organization.

Commissioner Hopkins – I would be interested in seeing how your parameters are set. What are you benchmarking to? To the average, or the prior month, or last year this time?

Elaine Veselka – We have information we can pass out, more detailed information from our last discussion.

Commissioner Wray – I'm curious how you get a zero bill. Is it basically that the meter is broken? They are mechanical and turn with the water flow? If it's zero, does that mean that there's something in the meter that is not turning?

Drema Gross – One reason they could have a zero bill is that they are simply out of town that month.

Commissioner Wray – I'm talking about zero bills when water is flowing. How do you get that?

Drema Gross – Meters tend to slow down as they age. If there is a zero bill, that's a "soft meter" and we need to investigate. We could see some legitimate zero reads in the system because a home is not occupied or a person is out of town, and figuring out how to separate those from a zero read when there's a problem with the meter is very difficult to do unless you have a conversation with the customer or you see a pattern over time. We will have to see what other

utilities do and understand how to address these and how to figure out what's happening on a customer's property. [30:00 minutes into the video]

Commissioner Wray – You could look at their electric bill and see if they might be out of town.

Drema Gross – That might work for some of our customers, but we have other customers who are not on Austin Energy.

Commissioner Wray – Is there some sort of resistance in the mechanical part of the meter, meaning it could speed up, and the numbers would spin faster than they should when the meter is broken.

Drema Gross – According to our staff in the meter shop, the meters will slow down as they age. Only in very rare instances would they over-read consumption, and when they do this, they are not overestimating by a large factor. It's more like 102-103%, which is considered a "failed meter" test, outside the manufacturer's standards.

When we pull a residential meter to test it, that meter is not put back in the field. It is tested with a "bench test" to give us an indication of system-wide accuracy, but a new meter would be installed for that residential customer. When they are tested, they are tested at high-, medium- and low-flow rates. If the meter fails on any of these flows (by 2-3%), it is considered a failed meter test. You may be registering most of the consumption, and yet the meter test is failed.

We hear your points about the levels of review and levels of customer contact needed to improve the test cases, but there have been a few steps put in already, and we are continuing to listen to our customers and look for more ways to improve the process overall.

Commissioner Wray – I used to run a CSR Center [Customer Service Representatives?] and I understand you have to have a script. But I've had instances reported to me in the last two months, since this came up, and I think you have heard from the people that appeared here tonight, and it seems that at some point the CSR's are not really using common sense.

The best example that I will give is one sent by one of our customers who received a bill in July – a brand new house that had been built only 5 months earlier – received good bills for 4 months, and then had a bill of zero. And the next month he gets a bill for 89,000 gallons. Logic tells you that cannot be right. But when he called to see if he could get some help, it was a constant repeat of the same questions: how many pools do you have? How many watering systems do you have? How many bathtubs do you have? How many people do you have? And he answered "It's me and my wife, we have a 1200 square foot house, we built it 5 months ago, and we don't have a pool and we don't have a watering system".

You would expect that the response to that would be. "Okay, this really looks bizarre and we need to escalate this and find out what's happening". But instead, with repeated efforts and repeated contacts with the representatives, it was "Well, you're going to have to go prove your case". He's a judge and he has pretty good experience in proving his case.

I know that it is difficult to have CSR's acting on their own, but there's got to be a point at which they just use common sense and say, "Okay, I acknowledge that there's probably a problem here. Let's escalate this to somebody that can deal with it".

Kerry Overton – You're absolutely right. We as management have to take some responsibility and not just say that it is CSR. Most of their training has been around them having the analytic tools [35:00 minutes into the video] in front of them to manage the individual account. They are governed by "first call resolution". Our training has been focused on trying to resolve that issue while they're on the phone. So out of 10 calls, an agent may have 5 calls (and I don't know that it's 50%) that when the agent goes through that checklist, 5 calls tell them that "these were all good conservation tips, I didn't think about that, those are great". And then there are the other 5, another set of customers like the judge you mentioned, who are completely irritated and see that checklist as "us putting the blame on the customer". [This is part of a pattern of Staff diminishing customers who are 'irritated' even when they have valid reasons for their complaints.]

Commissioner Wray – He didn't complain one bit about having to answer the questions. He complained that he answered the questions, you have the bill right in front of you and you can see zero and 89,000, which to a normal person is going to seem completely off the chart. But the resolution was "Pay the bill or file a complaint; there's really nothing that can be done. You've got to prove that you're not the source of the problem."

It seems to me that there's got to be some kind of escalation process between "not my problem" and "here's a check". There's got to be some process there where people can use good judgement and say "we're going to escalate this to get it resolved, because it could be that you've got a massive leak and you've flooded all your neighbors' properties as well as yours, but more than likely there's some glitch in the system". That's what has people upset.

I had the same experience when I called, because I had this experience myself. When I tried to find the resolution, my conclusion was that because of the way consumption had been radically shifted from one month to the next, this will probably cost me \$200. After hearing the process that I was going to have to go through, I said "the heck with it". It's going to cost me way more than that to take off work to get this resolved. There needs to be an escalation path, once you have evidence in front of you that looks way off the chart. And that's what I heard from almost every single citizen who has come here and complained about it, is that "It's an opaque process that requires them to go to extraordinary lengths". I'm not saying that every one is like that. I've seen some examples that really didn't seem that far out of order and there were probably a lot of

explanations for it. But I've seen a number where it was clearly obvious that people were not going to get a zero bills and then a \$12,000 bill the next month.

Kerry Overton – And the simple answer is: we are doing that management. [What does this mean?] We agree with you 100%. What we typically don't want to do is get that customer off of the phone and pass him back to a smaller group of escalators, because what it does is stack up our response time. But given the circumstances of what we've been working through, late fall to now, we are re-tooling our team to make sure that we want to get those "escalations". Now we are trying to have real deadlines and give customers assurance that if we escalate it up, someone's going to call you back. [The "escalations" staff has a history of not calling customers back, sometimes multiple times, as revealed in customer testimony, and other anecdotal information. After initially denying that, Staff finally acknowledged that – six months later in June – and committed to fix that. They never gave the WG any information about how they remedied that, nor any proof that performance had improved.]

Commissioner Tuttle – I see positive movement. Last month was off the rails, but this month there is progress. I just think that a part of this is not only wading through all the issues but rebuilding the trust. Maybe you ought to explore assigning a manager to a neighborhood or a hot spot, and that's the "relationship manager". Your task is to go deal with customers and learn. There's nothing like that for changing the view of what you need to go deal with.

Commissioner Osborne – Whatever the issue is, we're seeing our public trust be eroded in these organizations that we all care about. [40:08 minutes into the video] I don't know what's going on, but it seems to me like it would be good for us as a City that cares to do something like that. I was thinking of the word "ombudsman" – and I know you have limited resources and can only hire so many people – but if I were the lady in green [pointing to person in audience] and she got a call from somebody that sounded like he or she cared, and started a dialog ... I think a lot of this gets exacerbated by what looks like to be a very set protocol. They feel like they're being railroaded one way or another. "Okay, we're going to give you \$28 and if you don't like it, do whatever". It just seems like we should find a more human way to deal with our customers. I know we're the 11th largest city in the nation. I know Lakeway's a little town (I have a house out there), but out there I get a text or a phone call when my water bill shows that there's obviously a leak. I realize it takes manpower, and I know that at the scale we're at it is difficult to achieve that kind of customer satisfaction. But customer satisfaction is one of our four mission statements. So it looks to me like we're failing on the customer satisfaction as shown by the 13 people we have here tonight [testifying]. So maybe you should re-think the ... I kind of like that idea there [pointing to Commissioner Tuttle]. Kerry I know that you care about this, you all do.

Commissioner Tuttle – It's part of your training for the CSR. Maybe they get with the manager and both of them go out into the field and visit with people.

Commissioner Osborne – I just think we need to take better care of customers than we're doing because obviously, they've got their hair up.

Commissioner Boyle – Going back to restorative, analytic, preventive and proactive: I want to go back to the folks with the first big thing that I saw that got my attention, which was the newspaper article about York Bridge Circle. I assume that once you saw the article you did an analysis of people that were mentioned in the article, and probably everybody in the neighborhood. Would that be accurate?

Elaine Veselka – We did an analysis of everyone that was mentioned in the article. Where we have a little bit of difficulty is that a bill cycle is not geographically based, and not all meter reads align in a bill cycle to be a neighborhood. So we are at the meter route, account analysis part now, and moving very swiftly through it, identifying unusual patterns. It took us a while to get there from the system.

Commissioner Boyle – Let me be very specific here. The article was October 16th, about York Bridge Circle, in Circle C. Did you all do an analysis of customers on York Bridge Circle at that time?

Elaine Veselka – At that point, Austin Energy and Austin Water were already having discussions.

Commissioner Boyle – I'm asking you a very specific question. Did you do an analysis of each customer that lived on York Bridge Circle?

Elaine Veselka – Of each customer that was mentioned in the article.

Commissioner Boyle – You didn't do anyone else?

Elaine Veselka – Right.

Commissioner Boyle – I'm trying to get down to where we're talking the same language. Did you do just the customers in the article, or all the customers who lived on York Bridge Circle?

Elaine Veselka – We did the customers in the article to see what the root cause of their issue was, if it was all an unusual usage pattern. Then we fanned out from there, and at this point we are looking at everything from the meter read in the area.

Commissioner Boyle – So I just want to understand this. From your answer, back in October, we have maybe 4 or 5 customers mentioned in the article on York Bridge Circle, but there may be 20 customers, 30 customers – I don't know how many customers there are on York Bridge Circle – but there are quite a few more customers in that area. [44:56 minutes into the video] Did

you not do an analysis of all the other customers on York Bridge Circle at the same time you were doing it on the customers who were mentioned in the article?

Elaine Veselka – I am not personally aware if the whole street was looked at. I know the customers we had already spoken to in that area. We did start identifying these pockets of customers, and we were looking at everything from a higher level. To the in-depth detail level that we're going now, looking at the route, no.

Commissioner Boyle – So you didn't look at it. You've got some customers right there, and those streets – I've looked at the map, I'm sure you did as well, and it's just a little circle of houses – and I can't believe they're on different routes. They might be, but I sincerely doubt it.

So at the point that it came in, you didn't do the analysis then? Of all the customers on York Bridge Circle?

Elaine Veselka – I cannot confirm that we looked at all the customers on York Bridge Circle. We did note that there was a pocket of customers on York Bridge Circle, and we're looking into that and looking into Circle C. It is very possible that the larger neighborhoods, such as Circle C and Avery Ranch, are on separate meter read routes.

Commissioner Boyle – I was only asking about York Bridge Circle.

We heard quite a few customers complain about the fact that this was back on October 16th, on York Bridge Circle, complaining about the fact that this problem has been ongoing. We get all these headlines in the Statesman about "We don't know the answer". My issue here is that when you don't know the answer, you don't know how the numbers got in the bills. That's what you're saying, is it not? You don't know the answer because you don't know how the August numbers got in the bills. I'm sure you will be straightforward on this, but that's what the issue is, isn't it? How did those August numbers get in the bills?

Elaine Veselka – Now we are looking at individual meter reads, individual routes, individual accounts. That's the level we are at now. We start out our analysis at the highest level because we don't want for some systemic issue to be out there that we've missed. So we were looking at that to validate, yes. Things look good, we don't see any unusual patterns. We had to take the specific pockets of customers to get to where we are today. We are in the depths of digging in now on high/low patterns.

Commissioner Boyle – From what you saw of York Bridge Circle, they had low August usage about like January and February. Isn't that correct?

Elaine Veselka – They had low August usage, yes.

Commissioner Boyle – So you compared them to see how low they are, and they looked like January and February, is that right?

Elaine Veselka – I personally didn't do the analysis, so I can't answer this line of questioning.

Commissioner Boyle – But you were on the receiving end of emails, were you not?

Elaine Veselka – We talked about customers and pockets of unusual usage patterns, yes. My involvement has been at a high level.

Commissioner Boyle – I don't know, Drema, whether you participated at all. Right from the beginning, you have August usage patterns that make no sense, that didn't compare with reality. We're not talking about leaks, pools, irrigation, meters, anything else. What is this low usage?

Drema Gross – I didn't have these conversations about York Bridge. At the time, I was assigned to this project in December. What I can tell you though is that since I came over, the week before Christmas, we keep digging into, and we keep seeing "Hey there's a pocket of customers and we keep seeing unusual usage, here's a pocket of unusual usage". And it has taken some time, has taken a lot of staff hours to say, "What connects these customers, what could have done it?" My understanding is that what they were doing beforehand was doing that individual analysis, as well as doing the top-up analysis. It doesn't appear to be estimated reads, it doesn't appear to be a problem with the distribution system, it doesn't appear to be some problem now with the meter (because we have pictures afterward and those are good). So let's try to figure out what happened in August. We are getting very, very close to those answers, but we're also hesitant to jump to conclusions about those. So I completely understand, I share the sentiment of "why didn't this happen faster?" [50:00 minutes into the video] We've talked about some of the processes for months that we realize we could have done a better job on, and we are committed to improving those going forward. But in terms of how do we get from October to here, I think there's been a lot of data, and places where we realize that our existing processes are not sufficient to really satisfy the customer. We really want to improve those, so we are focusing on doing a better job going forward.

Commissioner Boyle – I appreciate that and I think you're making progress, and I think you're doing some good things on a going-forward basis. There might have been a problem with a meter-reading company, and maybe not. We don't know for sure. There may have been a problem with the way the meter-reading company was managed. We don't know. That's why it's important to find out what the problem was.

Kerry Overton – The level you're speaking of now, that's where we are in the level of detail. We don't have the answers, but we assure you that every one of those aspects that you're mentioning, that's the detail level that we're moving our team into.

Commissioner Boyle – We talk about these things: restorative, analytic, preventive and proactive. We've had these meetings where the customers on Aspen have testified on both occasions. Did you do an analysis on all the customers on Aspen Street, the streets surrounding Aspen? Do they have the same usage patterns?

Overton – Two things were happening at the same time. We were looking at it systemic-wide; at the same time we were doing an individual account analysis, but we cannot say necessarily at this point that everybody on an individual street will be looked at in the first level of analysis that we are doing as we are receiving those complaints. So we were doing both of those at the same time, and where we are now is having more commonalities. So we are looking at broader aspects of the route, geographical areas, the level of detail that you're speaking of, that's what we're assigning to the team.

Elaine Veselka – We're looking at individual account usage in those areas, and determining who has an unusual pattern. We're to that level of looking at these areas.

Commissioner Boyle – We had a number of citizens who testified on December 11th, and some of them did not qualify for the high-volume adjustment because they had not lived in their house for 12 months. They had basically the same usage pattern, with a low August and a high September. Did you make any attempt to make them whole?

Drema Gross – I know there have been some of those customers. I don't know how many of the testifying customers there were. Some of the customers in the Aspen and York Bridge area had a "smoothing process". This is where we look at the water use and determine, yes, there's something unusual here that's considered a billing error, and we smooth the usage over two months, so that the low August would go up and the high September would come down to minimize the effects of tiers. For some customers, that didn't have very much of an impact when we were looking at both the water and the wastewater usage. So we've revised our internal process to look just at the water usage, because sometimes when you bring wastewater up, it mitigates that credit. As to who spoke at the last meeting, I don't have a list, but we can probably dig that up. [The question about customers who had not lived in their house for 12 months was not answered.]

Commissioner Boyle – What about the customers who have not complained? Those who lived in the York Bridge Circle area or in the Aspen area? Have all their situations been addressed?

Drema Gross – They are part of our analysis, and when we finish that analysis, we will have a way of making a “resolution” for all customers whether or not they file an “escalation” with us.

Commissioner Boyle – I take it by your answer that the folks that have not complained, they have not received a credit if they deserve one. Is that right?

Drema Gross – Not at this time. We have not yet determined what that pool is.

Commissioner – And what is the term? How far back are you going? Are you only looking at August and September for this credit or smoothing or are you going to go back further?

Drema Gross – At this point, there are still a few pieces of data that we need to dig up before we can answer that fully. The August and September patterns that we are seeing are clear. We know that will definitely be a first step in our resolution. [55:06 minutes into the video] We’re going to continue to look at all the cases we have received. You even heard tonight some different stories of a February or March high usage or very low usage. The majority of what we’ve heard is the low August/high September pattern, and that’s what we are checking now. That’s where we’re starting to see some potential trends. Hopefully very soon, at the next Commission meeting or sooner, we will have some information to release about that.

Kerry Overton – We will let the data take us to wherever that analysis needs to be. We won’t arbitrarily have a cutoff where we would just simply look where the most indicators are right now – that August/September period – but if our data tells us something different beyond that, we will keep going until we get that answered.

Commissioner Boyle – In August, Corix didn’t have all the meter readers, they were short. Do you feel that had an impact here?

Elaine Veselka – They were short on the standard meter readers. It is our understanding that they used what they called “special meter readers” that [unintelligible]. They pulled those employees in too. They had enough bodies to complete the work, but we are looking at everything in August.

Commissioner Boyle – There’s a special meter reader team?

Elaine Veselka – Yup.

Commissioner Boyle – There’s supposed to be a team of 15 and they were down to 9.

Elaine Veselka – Yes.

Commissioner Boyle – They're supposed to have 35, and they were down to 27.

Elaine Veselka – The special meter reading team – if we're not delivering notices and completing some of the activities that are assigned to that team – which we probably weren't doing in August – the resources were available to read meters. But we're digging in to meter reader routes, all the customers in a geographic area at the account level.

Commissioner Boyle – According to the contract, did Corix have the right number of meter readers?

Elaine Veselka – I don't believe so because we give them the parameters around the number of meters that need to be read, the specifics around it, and it's up to them to manage to be able to successfully read.

Commissioner Tuttle – I think you're making some progress on the hard side. You're nice people; you're trying to do the right thing. But, embrace these people that are so frustrated. Get to know them. They can be your best resource for getting information to improve your processes. And, people don't expect everything to be perfect. They expect to be treated with respect and to be taken care of. And it can take a little time. Kerry is a good guy. He may not have an answer today, but he'll get it. I trust him. Sending your management team out, I think you need to pivot to that. Get out of the office and into the car, take a CSR with you, maybe as a mentoring program, and work it. I think you'll find that amazing things happen.

Kerry Overton – We're in agreement and we thank you.

It was more important to have this dialog than to get completely through the presentation. We want to make sure that we're giving you responses.

Commissioner – And I want to make sure that I am not cutting off the answer that might be on the last slide.

Elaine Veselka – I think Austin Water had some information on AMI.

Drema Gross – Let me take a minute and give you a very very high overview. There were some questions at the December meeting about Advanced Meter Infrastructure, or "smart meters", AMI, and when they are coming. Also, Austin Water is on a path to AMI, but it is a very large project. It's less of a technology project like a thermostat that you can stick on the wall [1 hour into the video]; it's more like an infrastructure project where you replace the meter box, put something that's usually battery-operated down in the ground so that it can get wet, you don't have an electrical connection. We're talking about 250,000-260,000 meters throughout the City, so it's going to be a long process. Council last November authorized a contract with a consultant that

has done this in a number of cities, basically to advise us on finalizing our business case for AMI – what the costs will be, our preferred rollout plan, what is the right technology. We're taking a very cautious approach to this. We want to minimize the impacts on the system, and make sure it is very very ready to roll into the system of meter reading and repair processes that we have. We are hopeful that within 18-24 months, we will be able to have a packet before Council. We are currently in negotiations with that consultant, and they will help develop all that information and the RFP's to go to Council to bid out the technology and the system integration. We do have some pilots in the River Place neighborhood and a few in Glen Lake right now; we are testing some technology and learning from that, and maybe expanding those in the early stages. This is likely to be a 3-5 year install project for AMI in a significant portion of the city.

As far as our policies, we have heard the Commissioners and what the citizens that have come to the Commission have said. I will be working with our Water and Wastewater Commission to look at our service regulations on the water side, look at the administrative adjustment qualifications. Right now we have very strict criteria on how to calculate that. In some cases, it eliminates the option for customers with less than 12 months, and it also puts customers with more than two years into one absolute bucket with the methodology for calculating that, and that has eliminated a lot of people from having that administrative adjustment fallback.

And the same with our leak adjustment qualifications, we're going to revisit those at the same time for consistency and widen the safety net for all of our customers. We talked about all the system and preventative measures, we want to make sure we don't have these high bill issues for anybody at all, but when we do, we want to make sure we have enough safety nets in place to take care of more customers than we currently do. So in the next few months we need to present some of those things through the Water and Wastewater Commission. We'd be happy to come back and brief the EUC, but we hope to see those in the next few months.

And then, as far as the customer experience, we have heard you. We have heard there needs to be some revision on the scripts we use with customers [Elaine Veselka nodding in agreement], how we balance the consistency with those conversations that Austin Energy staff has along with the humanity of the conversations. [Staff later says they have no "scripts" in response to WG request to review the script changes.] We're going to working along with Austin Energy to make sure that we understand both sides of the perspective, that we have a more robust understanding of what an irrigation evaluation does, what an actual toilet leak might actually do to someone's bill, and maybe soften the edges of those conversations. As well as providing more information for our customers going forward, of all the things that can cause a legitimate kind of bill – not a billing error or something unusual – but give customers more information about what changes in their water use patterns might be the result of something on their end, or it might be something that is truly an anomaly.

Commissioner Reel – I'm glad to see you making progress on getting down to that route level where you can really see the detail. I think that will be the only way to get to a root cause. There doesn't seem to be an easy answer, a system-wide answer. So I appreciate the answer and hope to see resolution in that root cause in the near future.

I have to ask two things. Some people are doing payment plans. Is there a policy that they only get so many of those for the life of their account?

Kerry Overton – We will not limit, will not use any of the policies that we have, whether it is payment arrangements, the number of times you have, whatever those restrictions would normally be, we are not going to use those to be restrictive on our customers going forward in the future because we are trying to resolve this issue. [He did not answer the actual question.]

Elaine Veselka – We are partnering with Austin Water to ensure if there are administrative adjustments, they are process, what does that look like moving forward? If something happens in the future, what remedies do they have? [1 hour, 5 minutes into the video] I think the goal between Austin Energy and Austin Water is "make the customers whole". Someone mentioned disconnections last month – we are working with these customers. If customers are in this situation and they have the late fees, and we've heard the discussions tonight – those will be reversed, those will not be assessed.

Commissioner Reel – That is absolutely essential for those extremely outrageous and bizarre billings ... those late fees will kill them.

Kerry Overton – Those will not be situations where we disconnect the customers.

Commissioner Reel – You've just got to figure out what's going on and not have those items [kick them in the pants(?)].

Kerry Overton – We clearly hear you Commissioner and we agree. [When did the Saustrups have to deal with this? They had huge late fees on the \$12,000 bill.]

Commissioner – Last time I asked, "What should a customer do if they have a bill that they know is wrong, and I believe that you said they should not pay it, and that they would not get cut off.

Elaine Veselka – I believe that I would have said to "call us", and not to just not pay it. And yes, we would look at those customers. We are working to identify any customer populations that have this usage pattern, and again, analyzing across the board to ensure that we have the whole population, and then we'll make sure that moving forward, until everything is resolved...

Kerry Overton – And we'll always encourage that the customer pays the pieces of the bill that is not part of the dispute. But what we're really saying is in what we've identified as unusually high or unusual patterns, we will not use this situation as a reason to disconnect or advance some of the benefits that the customers would normally receive.

Commissioner Tuttle – Regarding text messaging, is there already a program where Austin Energy has a text messaging mechanism for outage? Couldn't you tap into that in some way to give zero bills? Send out a text message on that one at least? This is unusual – I just wanted to double check – [unintelligible] with 0, \$6, \$12,000 – a text message might be good, to at least say "Call us, there's something unusual with your bill".

Elaine Veselka – Absolutely. We had mentioned to you in our last discussion, had given you information about the leaks. That is a concern, you had mentioned that before. The process where we do some of the notifications [unintelligible]. We can expand some of the notifications to the customers. Through the Austin Energy applications, which is a different system that is not tied directly to the billing system, where it's out of the billing system, again, we have those proactive longer-term things that are absolutely on the list, of how do we let customers know more in advance something that could be a potential issue instead of waiting. What can we do with AMI and customer portals?

Commissioner Ferchill – I want to say thank you. I have seen the amount of work that you and your staffs have been putting into this the last six weeks, and we appreciate it. We are going to continue to have our working group check in with you and see how things are going and we're going to carry this forward on our agenda for next month in the hope that there will be more to say next month. So thank you for that. I know that it is hard when people are very upset to have to listen to this sometimes, but I also think it's important to hear this from the horse's mouth.

Elaine Veselka – Absolutely. Our goal is to get to the bottom of it.

Commissioner Ferchill – I'm going to make a couple of recommendations.

Staff (?) - Can you just clarify for the audience and for Staff, so nobody sticks around?

Commissioner – I did have a question about that Mr. Chairman. I don't have any follow-up questions, but did anybody else? Because we are posted for action. [*1 hour, 10 minutes into the video*]

Commissioner Boyle – I make a motion that refunds or credits are given to customers who have a pattern of low August/high September usage that has been discussed tonight, if they are entitled to a credit, and that it be done so properly.

Commissioner Ferchill – I'll second that. I guess Staff has no objection to that. If they are entitled to it, they are entitled to it.

Elaine Veselka – If there was some error resulting in them being overcharged, then yes, they would be refunded any overcharge. I just wanted to make sure that Austin Water was present [Drema Gross not currently at Staff table].

Commissioner Ferchill – I don't want to short-circuit the process that you're going through. But if you couch it just that way, if they are entitled to it, they are entitled to it.

Commissioner Boyle – I want to say a couple of little things.

One, everybody is trying to find out, and I believe what the issue is, is how the August numbers got on the bills. But whatever that is, however it occurred, I think what we've established at this point is that the problem that occurred, the spike in September for those that had the low August usage, it was not the customers' fault. We shouldn't be waiting until we know for certain who put the numbers in the bill. But that would be nice to know; we ought to know. But if we know that it is not a customer problem, we've had the low August use, we've had the September spike, and if, because of that, it goes into the higher tiers, they are entitled to a refund. And they ought to get it forthwith.

Commissioner Ferchill – We've dealt with the easy cases -- \$12,000, \$0 – that's what we heard about tonight. And that's what we've heard about generally. There are a continuum of things between \$0 and \$12,000. I don't want to be pre-judging the process for all of that. But the way you said your motion, I'm okay with it. If they're entitled to it, they're entitled to it, and we would like to see it sooner rather than later.

Commissioner – The thing that I think is going to be an issue is they haven't identified the people who haven't complained – the people who have this issue who haven't complained.

Commissioner Boyle – Let's amend it to our motion that they identify them.

Commissioner – What I heard tonight is that's what they're working on. I say that we work through together with Austin Water and then follow up on getting it down to that detail. The people that complained may be more patient or may be more frustrated, and then there may be people out there like Cary [Commissioner Ferchill] and say, "I'm not going to stay on the phone with the City, I'll just pay it".

Commissioner Ferchill – I said somewhere between \$0 and \$12,000. Mine looked like it was a shift from one month to the next, and if you averaged it out, it would probably be about right.

Commissioner – I think there's quite a few who probably fall into that.

Commissioner Ferchill – Jim [Commissioner Boyle] is going to work on writing out some language and we will take that up as soon as he gets to it.

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[Items 13 & 14, Part 2 of 2]

Commissioner Ferchill – Jim [Commissioner Boyle], do you have your motion ready?

Commissioner Boyle – I move that Austin Energy refund a credit to customers who have low August consumption followed by high September consumption levels, where the September high consumption is a function of the low August bill amount if they are entitled to credit. Further, Austin Energy shall identify the customers who fall into the pattern set forth above.

Commissioner Ferchill – I think that's fine. I'm for it.

Commissioner – Would you take it as a friendly amendment to say "promptly"?

Commissioner Boyle – "Promptly".

Commissioner – I was talking about refund promptly... "promptly refund".

Commissioner Boyle – Okay.

[Motion was seconded and it passed unanimously.]

EUC Meeting February 26, 2018 Notes

Items 3 & 7: Update regarding water meter readings and associated high bill concerns

Commissioner Ferchill – Taking up Items Number 3 and 7, we are going to have an update on the water meter reading and high bill issue. And we will take up the action item at the same time to the extent that it requires any action.

Kerry Overton, Deputy General Manager, AE - I am Chief Customer and Compliance Officer with Austin Energy.

Drema Gross, Division Manager, AW – [Introduces herself].

Kerry Overton – This presentation for Item 3 is an update for the high water “escalations”. As we’ve been before you, we wanted to bring you up to date from our prior discussion on the items that have taken place, and give you an idea of our analytic focus around the routes that were mostly affected, in the high water escalation issues, continue to talk about what we’re doing for the customers as we’ve come to the remedy of the bill “smoothing”. Also give you any other updates from some of the customers that have actually appeared before you and what we’ve done to solve those cases, many of whom we’re still reviewing, and then talk about next steps.

Drema Gross – Some of this was presented in the press conference on January 31st, as well as presented to the subcommittee, the working group that you guys have formed. [This was before the WWW Commissioners were included.] We wanted to sure to take the opportunity to go through it with everyone so that you understand the results of the analysis that we’ve been working on to try to identify unusual usage patterns.

As we had mentioned at a previous Commission meeting, we were looking and didn’t really see anything that was consistent systemwide. But when we got down to looking at things on a route level, not just a billing cycle level but a route level, we did find some unusual patterns. In these cases, the August usage was lower than the September read, not what one would expect with the weather patterns. It’s not consistent with what we saw overall being used in the city. So we started looking at all of the routes, 1080 routes affected approximately 206,000 customers. Of those, we identified 135 routes where on average we saw that unusual pattern. [Page 3 of the presentation]

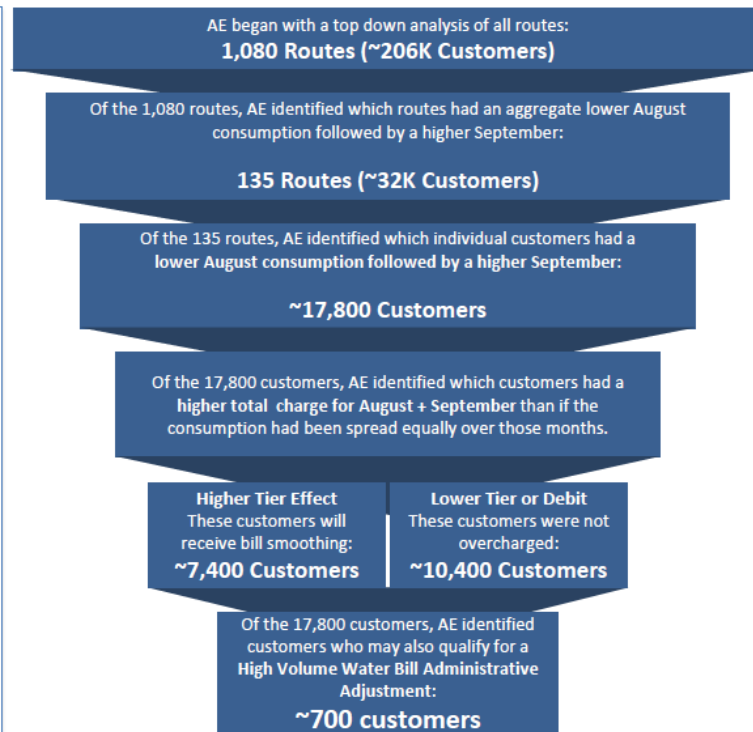
We then looked at the customers along those routes – it was about 17,800 accounts – looked at them individually and found those customers where August was indeed lower than September.

While sometimes there might be a reason for that – someone was on vacation, or their higher usage in September was where people were coming back in – we found that there was enough evidence that something had gone wrong with the system to be able to address those.

Unusual Usage Patterns

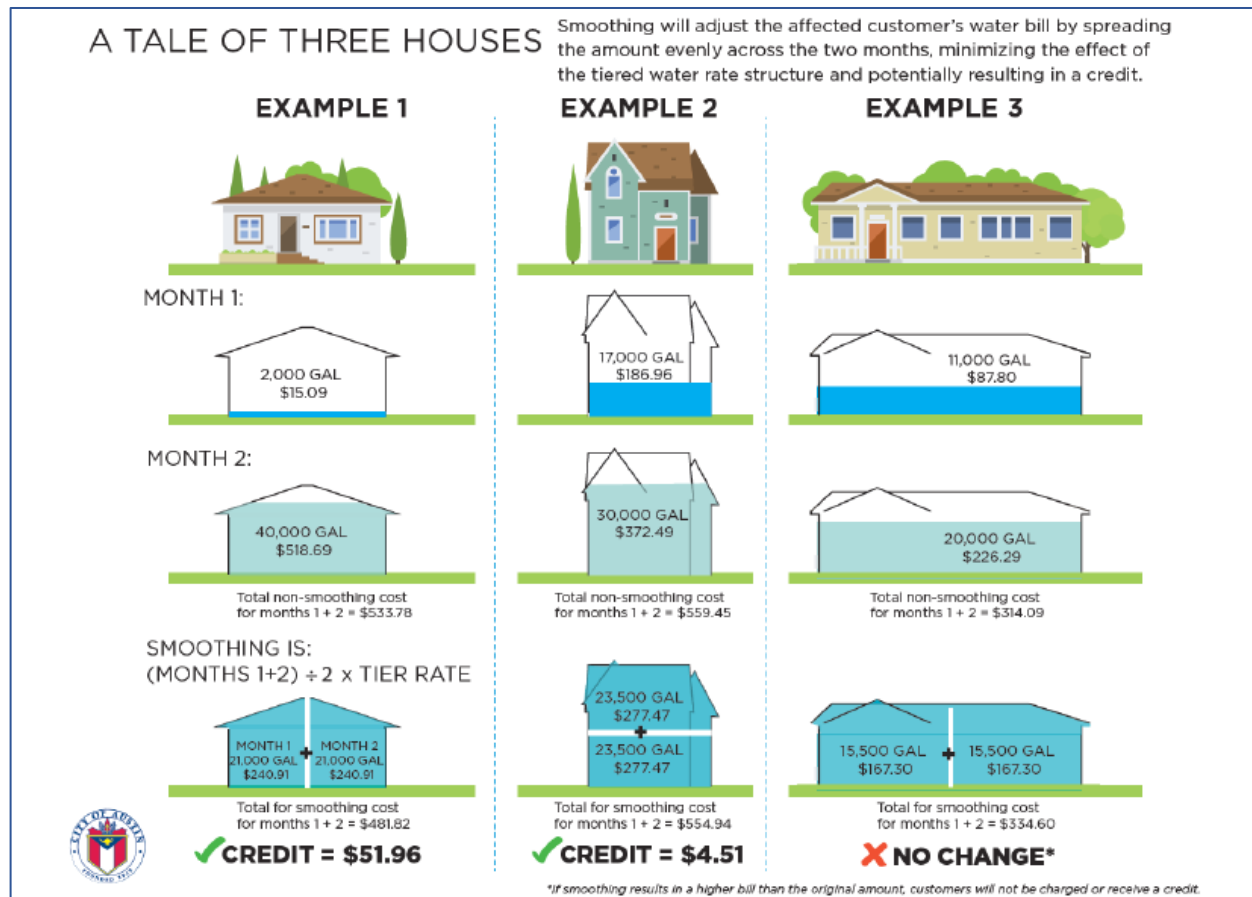
- Analysis of escalations cases identified an unusual usage pattern
- Characterized by an unusually low August read followed by higher September read
- Unusual Usage Patterns were identified in 135 routes

Page 3 from Presentation



So of those total 17,800 customers, we took another step to see even after the usage was “smoothed”, was it 3 times higher than their prior history, because that is what would initially qualify them potentially for a high bill administrative adjustment. We notified those customers with an additional special letter to let them know if that usage was truly unexplained, here are the processes they can follow to request a high bill administrative adjustment. [5:00 minutes into the video]

So we’re trying to make sure that on all of the customers on these identified routes that we have looked at them and provided a fair resolution and let them know the next step if they feel that the usage is still unusually high with no explanation.



Page 4 from Presentation

This is a graphic we distributed to the media to explain graphically how “smoothing” works and why some customers may receive a higher credit than others. [Page 4 of the presentation] So it gives you an illustration of a very low bill one month pushed into a much much higher tier the following month would result in a credit to a customer that is in the \$50 range.

For the second example, there is still a credit, but it's much lower. And for the final example, this is the type of situation where, because of the fixed fees that Austin Water has – specifically the fixed fee that kicks in at 15,000 gallons or 12,000 gallons – then that would push the customer into higher fixed fees that would negate any credit from “smoothing”.

So we've developed this to show you what the process is, and Kerry will tell you where we are in the process of applying these bill credits.

Kerry Overton – One of the things to understand about the data that Drema just mentioned, the vast number of customers, that analysis includes customers whether they have reached out to us or not. If they fit into that pattern, they either received a letter or they received a call or contact

from our analytic team, our outreach team regardless of whether they contacted us initially and filed a complaint. That was not a condition of whether or not they would be heard.

In addition to that, we have even more customers we are doing the analytics on if they called as a result of the press release, and continued these meetings that we're having with the Commission and the Water Commission. If they called because of that, we are walking through their account as well.

So Commissioner Boyle, I think you were right on target when you may have mentioned to one of our customers that Austin Water – just that analytical place to get to analyze the cases that want to go to a hearing, just to continue through that process, we are a little more backlogged than normal in terms of those procedures and those letters would require, mostly because of the volume, the number of customers who were pushing into the Water back office. But we believe that over the next 4 or 5 days, I understand that they will be a little bit more on regular routine, they'll start working some of those out, and I think they'll be on schedule to get those customers scheduled with the hearing examiner. And we also can bring that up in the Joint Committee that you spoke of, where this Committee is joining with the working group of Austin Water.

As Drema mentioned, we just want to give you the high-level numbers. *[Page 5 of presentation]* Many of the customers are receiving on average about \$20 in the credit, some are going as much as \$80 in some cases. Our analysis is still holding fairly true, fairly close to about \$138,000 that are impacted as we've gone through all of the cases, and there are some new ones being analyzed, and if they fit into this pattern, they will get the associated credit or the opportunity to go to the hearing should they wish to do that.

We also have waived all late fees, the penalty queue has been removed, and so the customers are not being penalized *[How much did this all cost in Staff time and other operational costs? Was AW charged for AE failures?]*, and even after we complete this process, as we get closer to maybe March 15 or beyond that period, this will not impact customers in the future according to the Austin regulations if they require in the future to mount a high bill complaint, this will not count against those customers.

So the timeline that we're working on, since the press release on January 31st, we began the "smoothing" process that Drema mentioned, while we do the billing in about 20 cycles, so we do 1/20th, 1/20th, and working through those customers that might have been impacted. And we're well over 90%, 92% completed with sending those letters out.

Now behind that is doing the analysis of those customers that may receive an administrative adjustment, or some that had extreme cases that may not have necessarily fit into this pattern. We're still working those through. *[10:00 minutes into the video]* Ultimately there are some that will even go to hearing, and that process is continuing.

We feel very firm that by March 15th, all customers that we are aware of in the analysis that would have been affected would have received a letter by that time, if not before. So we don't see any additional delays in that notification.

Commissioner Boyle – You talked about the “smoothing” process with 7,400 customers. There’s an additional 700, is that not also right? In a different category. That is, their increase in September, or later on, was not due to a low August reading. Is that correct?

Drema Gross – It’s not entirely correct. If I can clarify for you: We looked at all those 17,800 customers – 7,400 of them will be getting “smoothing”, 10,000-some of those will not, because it would not have resulted in a credit.

Of that entire pool, about 360 are in the 7,400 group, 320 or so are in the 10,000 group (I may have those numbers backward). But 300 or so customers in each of those two groups would also qualify for an administrative adjustment on top of that. So as those letters are being sent out, that group of 700 is getting a very slightly different letter. It is notifying them of either they are getting a credit and you may qualify, or they are not getting a credit however you may qualify for an administrative adjustment. And then the customer needs to give us a call and fill out the form to say “yes, this was unexplained usage”. We’ve worked it so that these customers can process that application via the phone. They don’t have yet another step to process because we’ve already looked at their account. We just need the confirmation that “yes, this was not intentional use, this was something that was truly unexplained”.

Commissioner Boyle – They basically have to answer the same thing, the questions you have when someone is applying for a high water adjustment.

Drema Gross – The administrative adjustment form, that’s available on our website that customers can fill out, has not changed. However the verbal authorization version of it is a little simplified. So we will ask customers to certify that this is not use due to a pool or malfunctioning irrigation system, and some things of that nature. But it is simplified for these customers. We want to acknowledge that they’ve already had an impact and we can mitigate that somewhat by allowing them this other process.

Commissioner Boyle – So what you’re saying as to some 360 customers who may qualify for an adjustment on top of the “smoothing”, is that what you’re saying?

Drema Gross – Yes.

Commissioner Boyle – And is it their September usage is much greater than you might expect if it had been caused just by the low August usage?

Drema Gross – Even after their usage had been “smoothed” out, that is significantly higher than their history.

Commissioner Boyle – And at this point, have you gotten any feel for why those high numbers occurred?

Drema Gross – I don’t have that data. [The Working Group never got any information about these 700 customers.]

Commissioner – My question is about Corix. Did Corix fail to read some of the meters or fail to perform the last part of this contract? What’s going to be done about that?

Commissioner – I don’t mean to interrupt, but we have to be careful to not go too far into legal issues.

Commissioner – I just want to get a general idea. Are they being investigated? Is there something being done about it?

Kerry Overton – There is a process where we’re working with them. They are very cooperative in providing data and analytics based on our requests to them. And so we’re still reviewing all of that data, to see what were the determining factors, what could have been causations of those unusual reads. So we are in that discussion with them; they’re still providing us with data. If it is a little bit of a lag time in terms of how fast they can turn that around, you may know that Corix is no longer the meter reader, and the reason why they changed is that the contract naturally expired after it had exhausted its time period, and they’re no longer connected to our system.

So for them to actually get the data and have these exchanges with us, it’s taking a little more time than normal. They are not actually on our system any more.

Commissioner – I’m just hoping that there will be an analysis so that we’ll do “lessons learned” on contract [unintelligible].

Kerry Overton – Absolutely.

Commissioner – Kerry, you said that all the letters should be going out for all the backlog of requests for hearings. But I assume that is just the letter scheduling. [15:00 minutes into the video] How long do you think it will take to clear out that backlog of those hearings?

Drema Gross – To clarify, letters to notify customers that we’ve reviewed their account and found nothing or found it wouldn’t result in a credit are the letters we’re speaking of specifically. Austin Water staff has been working to get the higher number than usual of backlog cleared out....

Commissioner – I understand, but the people that are expecting that by March 15th, they will have had their hearing by then, to clarify, that’s not what you’re saying.

Kerry Overton – Right.

Drema Gross – The March 15th date is unrelated to hearings.

Tiffany Webb – [Introduced herself as Manager of the “Escalations” Group who oversees the Hearings Department which schedules and coordinates hearings.] I just wanted to clarify that we are working on the backlog, but it’s not going to have any impact on that March date. Looking at each one individually and we are making exceptions for anything that would have lapsed over certain time criteria.

*15 individual customers spoke at the December and January EUC meetings.
(2 of the 15 customers spoke at both meetings)*

9 customers had Aug / Sept Unusual Usage:

- 1 received a High Volume Water Administrative Adjustment
- 8 received the bill smoothing correction
 - 2 of the 8 requested instructions on the Administrative Hearing Process
 - These customers have not requested a hearing at this time

6 customers had unrelated issues:

- 3 water meters have been exchanged due to meter malfunction
- 1 customer received a High Volume Water Administrative Adjustment for a different timeframe
- 1 customer had an irrigation audit performed, which determined irrigation settings caused high usage
- 1 customer received an adjustment of \$-12,121.76 due to a water main break

Commissioner – A couple questions: Some of the bills that people presented were way higher than anything that \$80 could account for, and I don't know if they are necessarily falling within this group that you are looking at or not. Are you in any way limiting? Because some of these bills were in the thousands of dollars.

Kerry Overton – No, we're not limiting. If you go to Slide 6 [*Page 6 of the presentation*], we put this in very specifically to look at several of the customers who actually came before the Commission, and others, as we said, calling, but who might not have appeared here. They expressed some concerns thinking that they had a high bill – we reviewed those accounts. But of the customers that you heard that made testimony before the Commission, about 9 of those were directly related to this unusual usage and they were resolved accordingly, and you can see the breakdown. Six of those customers had unrelated issues and considering even one of them had a large water adjustment, and that is a credit that was due to a water main break. [This last is the Saustrup bill. There was a water main break which was not on their property, but was an AW responsibility. AE did not check into the possibility of an AW line problem and billed the Saustrups for 790,000 gallons – \$12,000. When the Saustrups didn't pay the whole bill, AE took \$800 out of their bank account which at that point was emptied. What happened to the \$800? With a normal water bill of ~\$7 a month, it will take years to use up the \$800 that AE effectively stole, without notice or permission, from their bank account. A credit would not restore them for years. Staff would not talk about individual cases in Working Group meetings, so we don't know the final disposition of the Saustrup case.]

So we've seen anything from a meter malfunction, all the way to them getting an adjustment, to performance issues around their irrigation system. So yes, there was a variety of escalations that were expressed here. We're not limiting our communication with the customers just to the August-September unusual pattern.

Commissioner – I'm asking if you're not limiting it to \$80. I know that some of these say that there's additional steps here for an administrative hearing, but you are willing to go higher if need be?

Kerry Overton – It's actually whatever the dollar amount is. \$80 was just giving you an average of what was happening with the total number of customers that were in that pool. [Is that right? \$80 was the average? Other statements report ~\$20.] When we did the analysis we just gave you an average of those based on the tier they're in, based on the credit. We netted that against them, and we gave you a credit range on average. Some are much lower and some are higher than that. It's not an arbitrary number.

Commissioner – Secondly, what can be done, what are Austin Energy or the Water Department willing to do about the language? Because that's really concerning that someone be asked to waive due process to fill out this form.

Drema Gross – One of the things we've mentioned, both to our Water and Wastewater Commission as well as to the Working Group is that Austin Water is looking to changes in our service regulations, and we have some different interpretations from Legal about how our codes are written.

We agree that the intent is not to prevent a customer who is denied an adjustment, or who does not qualify for an adjustment to go for a hearing. I understand that is what the form says right now. So there's clearly some changes that need to clarify the intent. The intent however is that if somebody goes through the process and is offered the "fair resolution" according to our service regulations, that will be the "final resolution". The intent was not, I don't believe, to have someone apply for a high bill adjustment be denied, and then be unable to protest through a hearing.

So we are working through some draft service regulations changes. We hope to bring those to the Water and Wastewater Commission probably in April [I don't think the WWWC saw proposed changes in the language as brought up by Mr. Wilfong], depending on our schedules, and then take them ultimately to Council. We will be able to brief the EUC on those [20:00 minutes into the video] once the changes are finalized or near final. But we'll be asking our Commission to consider that, as well as to consider other changes in terms of how adjustments are processed. You can get 100% of your volume over your expected volume credited for a high bill adjustment, while for a leak adjustment you can get 50% of that. We've heard from some customers that doesn't seem fair to them. So we are looking at that consideration. [This was addressed in the changes brought to the WWWC in May.]

We've also heard from customers here [at EUC meetings] that don't qualify for a high bill adjustment because they have fewer than 12 months of service at an address, and so we are looking at ways to accommodate that as well and hope to bring those forward within the next 6 weeks or so. [This was addressed in the changes brought to the WWWC in May.]

Commissioner Tuttle – Once you get your head above water from this August-September situation, there's something about stapling yourself to your customer's invoice. What it reminds me of here is maybe some form had to get filled out, it in isolation went to Legal and language got put in there, and then all these things just got woven together, and it doesn't really think about it from the customers' perspective. What is their process (and there's a finite number of them)?

What I would like to get more comfortable with is there's got to be some finite number of "error cases", and define them. Maybe less than 100, less than 50, I have no idea, and you follow those and see what your customer experiences, and see how it really threads. You re-engineer that

process where it's far more fair, customer-friendly and not off-putting because billing is the customer interface. People don't really pay attention to their electric bill or their water, they just happen and this is your customer interface, customer interaction.

So can you explore that a little bit more, and describe how you might be able to do that? Because otherwise you're going to have some lawyer over here, drafting this part, making it onerous, make it totally covering the City's tail and not doing what you really intend to do to get the same result of having a final disposition but in a more friendly way.

Drema Gross – That's not something that I could today say to you that we've done that. I can say that's my role here. In my day job, I'm the Water Conservation Manager for Austin Water, and not typically involved in "escalations" or in the billing processes. One of the reasons I was assigned to this project was to look at it with fresh eyes. I am working on a customer satisfaction initiative at Austin Water. It's very clear to me that some of our customers are highly unsatisfied. I am taking that personally and taking it seriously. There will be some process, some time that it takes to dig into that, but that's exactly the sort of thing that I am looking at to improve.

Kerry Overton – I will just echo. We are partnering with Water to make sure that all of those customer touchpoints are reviewed. What we're doing right now in terms of our staff and Water staff is 100% we were focused first on "escalations" to try to remedy and resolve those situations based on the current policies that were in place. Now you know, some of those policies were relaxed and changed throughout the process from December even to now. And as Drema mentioned, Water is going back to their Commission to see if they can even make some more policy changes.

So we're looking at the policies and procedures.

The second thing we focused on immediately (because we have a new vendor now reading the reads into the process) is we now instituted taking photographs in 100% of the routes. Also we put in quality controls and we are now shoring those up, and we have put a lot of attention on those quality controls to the process now. I think as we free up more staff and have more eyes to take a look at the letters, the way we are communicating that – we're actually going to have to go back and make some more improvements for those initiatives. But the biggest thing was to get all hands on deck, to take care of the immediate problem, make it right for the customers, and instill new process changes that's going to have a better communication with our customers.

And we did that with our call center. Right now we've been testing that out, we really challenged our training there. And what we found is that a good number of those calls [25:00 minutes into the video] – we're actually sampling them. So those calls are going much better with our customers, so we see movement in the right direction. [The Working Group got no details on this other than they said they are beginning "empathy" training.]

Commissioner Ferchill – I'm looking forward to seeing changes in the process. But I will say that the immediate issue in terms of notifying customers of this, I like the way it's worked out. I received one of those letters and we never saw that. I couldn't understand why, and then I realized that it's in my wife's name. She got it and immediately brought it to me and said "I get it. The letter explains everything. I understand the adjustment and the process."

So, I like what's happened on this immediate notification of the customers of their upcoming credits, etc. I think that's worked out real well. I'm looking forward to the institutional process of dealing with customer complaints getting better refined.

Kerry Overton – That's a good segway to the last slide we have for you [*Page 7 of the presentation*]. We are going to continue to case manage the customer "escalations" we mentioned throughout this presentation. We are still working with our previous meter reader contractor to do the investigation that we spoke of to bring more information to this Commission. We also stated that we think we will be in the entire process by March 15th. We have not determined that is simply the deadline. If something comes in after that impact, we're going to still continue to work with our customers and hear their cases out.

But that starts to give an indication that if they had not heard from us, that was the end of our formal analysis, and we believe that we would have captured 100% of those who were known to us. We'll still continue to accept calls and "escalations" until we resolve an individual issue with a customer. And we also worked with the advocacy groups in the community and we have set up groups so that our teams can directly visit with some of the customers who have more directly given us some feedback on their individual accounts, and also have provided some information that we wanted to hear from their perspective as process prospective opportunities. [The Working Group was given no information about this in meetings they had after February.] And so many of those are being scheduled.

We appreciate the opportunity to share our status and we will come back again at your next meeting. We will have a Working Group prior to our next meeting, and then when we come back to the Commissioners we'll give you an update on how we proceeded through the rest of the process.

Commissioner – For the community meetings, you've got Circle C on March 6, and Avery Ranch on March 13, and Aspen to be determined. Where do people find out the details of those meetings? Is this posted somewhere? [District 2 had the highest number of affected customers. Are any of these meetings in District 2?]

Drema Gross – What's in your backup may be outdated. The March 13th meeting was rescheduled due to some conflicts. So we have one on March 6th, March 7th, and one on March 22nd.

Kerry Overton – The customers that are in that surrounding area will be receiving notification, and we will also – most neighborhoods have a working group, an association – and we are working with those individuals as well. So we make direct contact and we use the association.

Commissioner Boyle – I just have a couple of questions.

One is about the low flags, where Shudde Fath had a number of months without any consumption on her bill. Then we had another person testify that she went several months with either very low consumption amounts or zero. Evidently there were no flags for that. Have you found out why there are no flags, why the billing system didn't flag them?

Drema Gross – I can't speak to those specific accounts. We do have some reports that Austin Water reviews, that Austin Energy generates for us, and I believe there were some changes being made to those. In those particular cases, why they were not found, I'm not sure. We have seen other cases (I don't think that they were either case that you mentioned) where a customer may have been building a house or out of time for a certain month [30:00 minutes into the video]. And then when there's a zero read, that same month the following year, it does not show up in the low/high flags. But we're working on some additional reports and scrutiny to try to pick those up more readily. And then in those cases where we have identified, specifically those you have mentioned, those meters have been exchanged. [In Working Group discussions, Staff said there were too many zero reads to examine every month. Our questions to Staff about zero reads were not answered responsively.]

Commissioner Boyle – In terms of the low reads, I guess it's 25% of the expected usage. That's how it works on a low flag, right?

Drema Gross – My understanding is that the low flag is 25% of that same month, prior year.

Commissioner Boyle – Right. And that's how you calculated the expected amount. Have you considered changing that to move it up, so that you get a warning there early enough in the process? So maybe 60% or 70% of what you would expect as opposed to 25%? I have looked at other utilities, and I know that you look at benchmark utilities and also use the Oracle system, but it seems to me, and I'm just speaking as one commissioner, that the flag for the low consumption ought to occur much before 25%.

Drema Gross – We've had some internal discussions about what it would take to make those flags be more robust. Austin Energy has some processes by which they review the parameters

on a regular basis, and they've accelerated the review for the high flag, changing it from 325% down to 300%. One of the challenges, and something we have to work through is to **not overgenerate flags for customers. I know that they're anticipating looking at that low flag and where the right setting is**, but percent alone may not be the right parameter, because for some customers you could drop to 25% and it would be a typical use. It would be within their range based on where they are normally. **[The Working Group got no additional information on this.]**

So we may also want to look at some volume parameters as well as look at other data points, to where it's not just a single data point, maybe it's one or two to catch those. All of those involve some programming and some thought and some cost to make those kind of changes.

So we're doing what we can right now, through reporting and reviewing on those things, and then continuing our discussions as a part of our ongoing improvements.

Kerry Overton – Where we would agree with you, Commissioner, is that as we move that up to catch more in that range of acceptance, is balancing that between ... and we were there at some point in time in years ... and balancing that between ... at the end of the day it may look usual to the pattern that they've had in the previous year. But however in contacting those customers we've found that there's a greater percentage of those, and I don't have the number, but **there are more customers that when we contact them just to simply assure, and they say "I was on vacation" or sometimes it's a very simple response on their part, and they get as frustrated if we continue to call them when it seems to be normal ... we get more of those**. But I agree with you, if we're catching some percentage, or even a small number of a few more customers that's not the norm, we continue to move that bar slowly.

Commissioner – I would hope that in the Working Group we would look at the high/low flags and maybe ... I think that maybe having a wider range of parameters, not just those percentages, so that we're not creating unnecessary work but catching the ones There are some of these that are 6 months of zeros, and compared to the previous year, that should have been a low flag 6 times. So there needs to be some refining of that. I know that where we would want to go would require programming and it may be a long term solution. But we really need to look at those flags because there needs to be more than just the percentage that we're looking at.

Kerry Overton – The essence of what you're saying ... we completely agree. **As it relates to those with zero consumption, I think some of that failure was just a quality control problem. I don't think it was the system, I think it came down to us ... people. So what we're doing now is looking at every one of those on a report on a 30-day basis, so every zero is definitely getting a look-at. [Contrary to what was told to the Working Group. We were told that there were too many zero reads to track and analyze.]**

So there are some exceptions, but I get the essence of what you're speaking to in terms of all those parameters.

Commissioner – I think it's that bucket that Dave talked about last ... you keep putting stuff in there and you get it right. And we need to refine what's in there so when we do an "after-action" report, when you do the analysis of what occurred and how we prevent it, that's one of the things we need to look at – catching it earlier and responding earlier. [35:00 minutes into the video]. [Despite the fact that AE Staff said elsewhere that they had an "after-action" report ready in March, they did not release it as of this writing (August 26). Working Group members had about 5 minutes to skim the report in July, and reports were all taken up by Staff during the meeting. Skimming the report, the part that I was able to read repeatedly stated that there was no way for AE Staff to know that there was anything wrong with the billing for August and September.]

I understand your concern about upsetting the customers and calling them every month with "Are you on vacation?" But we're going to have to find some way to come up with the parameters. I don't have the answer for that, but I am hoping, through the dialogue, with the Working Group and staff from both utilities, we can refine that.

Kerry Overton – We agree.

Commissioner Hopkins – I know the systems aren't the same, but if there's a strange charge on my credit card, I get a text message within 3 minutes, saying "Your account's been flagged. Respond with yes if it's fine, or call this number". Obviously there would be some cost associated with it, but you could consider some kind of alert system. It could be voluntary, people could sign up for it. But if they sign up for text alerts, the customer receives "You have a strange water bill this month; call this number if you would like to discuss it with a team member". Something like that.

Commissioner – I think it would be a perfect solution so that no one from Austin Energy is calling, it is automatic, and if they want out of the service they decline it.

Kerry Overton – We're a ways away. But we agree that technology will help us in that process.

Commissioner Tuttle – Can we flag it some way, in the future, revisiting/re-engineering the customer experience? Part of that is text, part of that is just the way it all flows as far as the customer entry point.

Commissioner Ferchill – We're going to start by tossing that over to our working group. That's Number 1 on your agenda now.

Unidentified Staff Member (after someone in the audience said something) – I just want you to know that on Slide 6 that Mr. Wilfong does not believe that we characterized his case accurately and we have staff that are trying to look into it and will continue to look at his case and work with him. I want to make sure that you understood that the slide was not intended to tell you that all customers have had their case satisfactorily resolved. It's not the case; I am just clarifying that.

[Mr. Wilfong had testified that he is a retired utility attorney and Administrative Law Judge for the State in electric and water cases. He previously complained about language in the form that required applicants for a non-leak high water adjustment to "waive their right of due process under the Constitution". He also complained that his bill was still too high after a smoothing adjustment. Final disposition of his case, and of the due process issue, was not discussed with the Working Group.]

EUC Meeting March 19, 2018 Notes

Items 15 & 18: Update regarding water meter readings and associated high bill concerns

Kerry Overton, Deputy General Manager, AE - I am Chief Customer and Compliance Officer with Austin Energy. I am bringing forth comments as part of EUC's briefing on high water "escalations" through August and September of 2017, and bring you up to date based on our last discussion with you on February 26 as I understand it.

Let me just recap again, without going through all the details to the newest information that we have for you, and then take any questions that you might have. Just a summary to recap, when we are referring to the high water "escalated" issues in the summer of 2017, you will recall after several customer complaints, Austin Energy worked very closely with Austin Water to do a "top-down analysis" of about 1080 routes that contain about 206,000 water customers. We ultimately, through some analysis, limited our review down to 135 routes that contained approximately 17,000 customers that had unusual usage patterns of low August consumption, followed by a higher (which we later learned was accurate) September read, as the foundation of increased customer "escalations".

To correct this finding, AE and Austin Water identified customers that had a total change of August plus September – when we looked at that consumption, if we were to spread that equally over those same months, what would their charge be? If that amount kicked them to a higher tier, that was the basis of us then beginning a "smoothing" process which later allowed us to give the credit.

In that, you may remember that about 7400 customers received the credits; about 10,000 customers had no change, no impact, but we did communicate with every one of those customers, and they received no associated adjustment.

Some customers also received administrative adjustments, and we also visited the community at this time for outreach sessions, and then we continued to brief Council, this Commission, the Water and Wastewater Commission, and even the oversight Commission throughout this process.

I wanted to report to you that as we were targeting March 15 – that's the date that we had thought or anticipated that we would have all the accounts analyzed and the proper credits provided back to those customers and all the letters and notifications done, we have done all those notifications, they've gone out to the customers. We still have a couple hundred still in the hopper, not associated with the actual smoothing adjustment, but some that are still being reviewed for

administrative adjustments, and those that have exercised their rights to go to hearing. That process is still going, but there's no additional letters going out from the analysis of outstanding customers that we believe would have been impacted by this review.

We also have instituted 100% of the photos moving forward with some other adjustments to our quality control measures. We're already working with our new vendor who actually started reading the routes in September, and that work is ongoing with them as we mentioned in our last meeting to you. Corix, the previous vendor, is no longer associated with the reads. Their only continued dialog is with this analysis.

And the update for today is that the conclusions of our analysis and discussions with Corix – we found that there were 2 meter readers associated with that contractor who had entered in incorrect reads into the system. Corix continued to do a review [5:00 minutes into the video], and AE confirmed it through our exchange with them, that their review was both limited to the 2 individuals that worked for them as a contractor, and it also was limited to the time period we had included in our adjustments. They continue to do analysis to go back some time through the years and found that it was an isolated event that involved the 2 individuals that no longer work for them and they did not come on and work with the new contract vendor, Bermex. [It is not credible that this is the complete story. The meter readers supposedly got a password from "Staff" (as the Working Group was told) to get into the billing system after hours and input fraudulent meter reads that did not trip any "flags" of readings too high or too low (which they could see in the billing data). Who was the staff person whose password was used, and how was his/her password taken? How did they get into the office after hours to do this? What was the motivation of the meter readers; what did they have to gain? Did AE Staff or Corix management know about this, or should they have known? According to Staff, the meter readers' truck was tracked by GPS every two minutes, although the readers themselves were not tracked. So did they just go park their truck in an area and sit in the truck and not read meters? Or did they park the truck and leave for a period? What did the readers have to gain by going through a lot of trouble to sneak into the billing system at night so they didn't have to read meters all day while they sat in their trucks? AE has offered no explanations due, they say, to ongoing legal action.]

With that, I would conclude my review to you, Commissioners, and tell you that the City of Austin, we are pursuing recovery of costs from Corix according to the remedies available to us through the contract, and I have no additional information at this time. That process will go through both our Legal and Purchasing Department, but I will answer any other questions about the operations, if you have some for me.

Commissioner Boyle – I just have a couple of questions.

There was a query, for example, for the York Bridge Circle area. There were 70 customers there. Of the 70 customers, 60 of them have low consumption amounts that were less than January or

February, both for July and August. What I'm a little concerned about (and obviously I'm not reviewing the number of bills that you are), but I did see a number of bills where July readings were extremely low – it wasn't just limited to August. That concerns me to make sure that we are catching everything in this process, that it's not just an August-September issue, but at least some of it occurred in July as well. [Staff dismissed these concerns in Working Group meetings, including assertions that winter use was similar to July use because Circle C customers like to water rye grass during the winter months, suggesting that January/February readings actually include large amounts of irrigation water. Thus it would not be unusual for winter use and summer use to be similar. No documentary evidence was offered for this assertion. (May 17 Working Group meeting)]

Kerry Overton – I know we did a thorough analysis of that, that we worked with many customers within that group. I don't have data right now that would change my response to you, but I will go back to the team and take a very specific look at what was the status in the York. [I don't think that the Working Group got any further information on this.]

Commissioner Boyle – I think it also occurred in a few other areas, and I will send you what I have.

There's also an indication that you all did your press conferences and so on, there were the 7800 customers getting "smoothing". But there was an additional 700 customers that had higher September usage, way above normal – not just a function of the low August read, but they had very high September reads that were unusual. I think you identified approximately 700, didn't you?

Kerry Overton – That is correct.

Commissioner Boyle – Can you give me an update about that? Why did those 700 stand out like they did, why did that occur, and what are you doing to remedy that situation?

Kerry Overton – I will answer broadly, but I will also ask our "escalations" manager who is working with the water department specifically on those We don't have a Water representative here tonight; she is actually ill and could not make this meeting.

Those accounts continue through the review and are eligible for being reviewed for administrative adjustment. This is Tiffany, who manages our "escalations". She can probably give us an account of how many are actually receiving an adjustment and where they are in the process.

Tiffany Webb, AE – I don't have much of an update; I don't have specific data with me. I would be glad to get that for either you or Kerry. [To my knowledge, the Working Group was not given any further information on this.]

I don't know off the top of my head how many of those customers – I do remember seeing an analysis of some who had the pattern in September, but off the top of my head, I do not have those numbers.

Commissioner Boyle – These were exceptional, very high numbers. In other words, not just 3 times August, but sometimes they were up to 25 times August for example. Was there any determination made of how those got to be like they were, that had these very high differentials between the earlier months?

Tiffany Webb – No. [Why not?] Other than the pattern that Kerry was speaking to, we didn't identify any other patterns. We did have some of the other issues that customers spoke about at previous Commission meetings, and we did identify certain individual issues [10:00 minutes into the video], but we did not identify anything additional to the low August/high September problem.

Commissioner Boyle – This may be outside your bailiwick, but – I did look at a report for a year, from June 2016 to June 2017, all the adjustments for the high water volumes that occurred during that timeframe. It was my understanding, that in terms of the reasons that those high bills occurred – there was no analysis done on why they occurred. Is there anything that is going to be done to try to see if there are any commonalities between customers for having the high bills so it's not just an individual item but perhaps it's occurring within a neighborhood or within a particular area?

Tiffany Webb – We did run the scope when we did the analysis. If we identified that there was a cluster in the area, we did broaden that and look into that. We didn't identify anything. We looked into see if there was any work done in areas that could have impacted things like that, but we did not identify anything additional other than the low/high pattern.

Commissioner Boyle – You publish a monthly report of people who qualify for the high volume water adjustment, do you not?

Tiffany Webb – Yes.

Commissioner Boyle – What kinds of analysis do you do of customers who fall within that report?

Tiffany Webb – The analysis we do on that report is we identify each one individually, but if we determine that there is a cluster, we'll broaden that scope. With the report of the high volume administrative adjustments, what we do is look at them on an individual basis. This has broadened our horizons though, and made us open the scope a little bit if we see that. But for the most part, we do have to look at those on an individual basis. [Has Staff changed their procedures in regard to this?]

Kerry Overton – Prior to this, we had an analysis, but it was not as rigorous for those that came outside of the standard ranges – the “3 times”. If it was below the range, there was very limited reviews, but as a result of this lessons learned, there are several items that have gone into place to be a part of our new analysis. I can’t tell you all of the variables, but I can give an example.

So maybe, for example, through this process, we are looking at double lows in months that have different temperatures and rain, followed by a high or a high. [What is he describing??] I can’t specifically cite for you the number of analyses, but we have as a matter of process improvement, and I can’t say – well over a dozen or more analyses that were not in place prior to this review, that aren’t in place because of tables and searches we’ve done. We’ve kept these in place and adding them to ongoing reviews going forward. [This is unintelligible.]

Commissioner Boyle – With regard to the high water bills or the adjustments of “smoothing” that’s occurred in this whole area that we’ve been dealing with, when do you expect the “lessons learned” report to be available?

Kerry Overton – We’re on schedule to finish that by the 31st of this month [March], so we’re about 2 weeks away. We will be presenting that to our General Manager and make it available. [As of the last Working Group meeting in July, Staff said they had completed an “after action” report in March but they were not releasing it. Working Group members were given a few minutes to glance at the “draft” in July, which was very superficial and exonerating for AE, saying in part that there was no way Staff could have known that anything was wrong with the August-September billing [of course, other than listening to the customers], that some customers misinterpreted utility regulations [shifting blame to the customers], and making the final conclusion that “Austin Energy and Austin Water are committed to improving customer confidence in our processes. We will continue our commitment to quality efforts, proactive communication and enhancing customer experience”. This is not a conclusion to an investigation of a widespread billing problem; it is calculated misdirection through buzzwords.]

Commissioner Tuttle – What happened with the issue that Mr. Wilfong brought up in one of the past meetings? Can anybody address that as far as text in some of the applications that he found legally offensive? [Mr. Wilfong, a utility attorney for 25 years and an Administrative Law Judge, had complained about language in the form that required applicants for a non-leak high water adjustment to “waive their right of due process under the Constitution”.]

Tiffany Webb – We are currently working with Austin Water to edit some of the terminology. So yes, that’s in the works currently. [Proposed changes were never presented to the WWWC or the Working Group.]

Commissioner Boyle – I think this is in Austin Water. They have a project; this is their form, they take ownership of the form. So they are working on it. We had a meeting, a joint meeting, last

week and they are working on it. They are going to come up with a new form, and hopefully it will be one that is a little more customer friendly.

Commissioner – Do we have an idea of the timeframe of that?

Commissioner Boyle – That's a good question. I don't know what the time is on it.

Kerry Overton – We don't know. But in terms of items you've identified, we have a continuing working team to not just look at those specific informations, but we're going back and looking at all of the customer view, the letters. One thing is to go through and actually have a team analyze and get the language right. It's another thing to get them coded back into the system so that your letter goes out based on an action. So much of this is automated. But the most important part is "did we hear you, did we hear the customers"? Absolutely, yes. [15:00 minutes into the video] [Tactical agreement with questioners, which is often expressed, but no real answer to the question.]

So I think from a high volume perspective, when you're working with over 450,000 electric accounts, and over 225,000 water, somewhere over the years we may have become very desensitized to the fact that whatever kind of a XYZ letter is supposed to go out based on a certain action, and with probably turnover and attrition, it's probably been some 4 or 5 years since that actual letter was looked at We do have a new process, we're working hand in hand with Water to go back through everything that is a customer touchpoint to review those. I don't have a date when – they're going to come out at different dates, there's no uniform date that we would wait. Some letters are more prominent and customers are going to receive those on a regular basis. Those may get priority and actually be implemented earlier, and others may be a little less of a higher priority in terms of the number of occurrences where that might occur, they may be changed later down the line. [AE is offering vague excuses from AE top management for poor performance on their contract with AW. This is their job, which Austin Water customers are paying them to do, and do professionally. They are a monopoly contractor for AW. There would not be this kind of tolerance if the contractor was a private company that AW had engaged.]

Commissioner Tuttle – So this is a former judge [Mr. Wilfong]. Are you going to get Mr. Wilfong to review it? I'm sure that since he spent his time to come here to complain at least once

Kerry Overton – I think I can absolutely say yes on that. We have no problems on that. That I can answer. [The Working Group does not know if AE or AW Staff ever worked with Mr. Wilfong on this issue of alleged "non-Constitutional" language.]

Commissioner Ferchill – I want to say thanks to the Commission members who were on the task force on this, to Jim [Boyle] and the rest.

Commissioner Boyle – David [Tuttle] and Marty [Hopkins].

Commissioner Ferchill – Thanks a lot for the extra effort you guys have put in riding herd on this and I think it was well-rewarded with the results.